

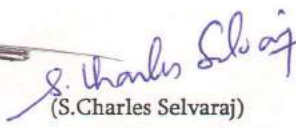
M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012
Balance Sheet as at 31st March 2017

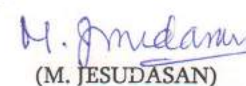
Particulars	Notes	As at 31.03.2017 Amount in `	As at 31.03.2016 Amount in `
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUND			
Share Capital	3	50,000,000	50,000,000
Reserves and Surplus	4	6,943,773	4,826,534
		56,943,773	54,826,534
NON-CURRENT LIABILITIES			
Long term borrowings	5	21,242,513	26,638,549
Deferred Tax Liability (Net)	22	48,638	203,973
Long Term Provisions	6	179,576	108,318
		21,470,727	26,950,840
CURRENT LIABILITIES			
Other Current Liabilities	7	25,323,575	3,804,326
Short Term Provisions	8	1,611,921	1,289,393
		26,935,496	5,093,719
Total		105,349,997	86,871,093
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
-Tangible Assets	9	1,301,356	2,975,982
Long Term Loans and Advances	10	194,617	63,800
Other Non-Current Assets	11	14,366,105	10,831,792
		15,862,078	13,871,574
CURRENT ASSETS			
Trade Receivables- Under Financing Activity	12	77,661,472	61,098,559
Cash And Cash Equivalents	13	8,334,188	8,548,591
Short Term Loans and Advances	14	2,262,096	2,679,760
Other Current Assets	15	1,230,163	672,609
		89,487,919	72,999,519
Total		105,349,997	86,871,093

In Accordance with our Report attached
For ANBALAGAN & CO
CHARTERED ACCOUNTANTS
FRN No: 011394S

For and on behalf of the Board of Directors


N.ANBALAGAN,
Proprietor


(S.Charles Selvaraj)
Director Cum CEO


(M. JESUDASAN)
Chairman


(Dey Asokan)
Mg. Director

M.No: 019503
Place : MADURAI
Date : 03/06/2017

Place : MADURAI
Date : 03/06/2017

M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012
Statement of Profit And Loss For the Period Ended 31st March 2017

Particulars	Notes	For the year ended 31.03.2017	For the year ended 31.03.2016
		Amount in `	Amount in `
INCOME			
Revenue from Operations	16	20,067,687	20,270,901
Other Income	17	1,365,486	1,094,088
TOTAL REVENUE (A)		21,433,173	21,364,989
EXPENSES			
Finance costs	18	3,782,433	6,190,124
Employee benefits expense	19	4,250,773	2,734,198
Administration expenses	20	8,576,479	7,152,221
Depreciation and amortization expense	9	795,061	459,933
Provisions for receivables under Financing Activity		-	418,849
Bad Debts written off		1,021,032	2,220,475
TOTAL EXPENSES (B)		18,425,778	19,175,800
Profit before exceptional and extraordinary items and tax (A) - (B)		3,007,395	2,189,189
Less: Exceptional items & Extraordinary Items		-	-
Profit before extraordinary items and tax		3,007,395	2,189,189
Less: Extraordinary items		-	-
PROFIT BEFORE TAX		3,007,395	2,189,189
Less: Tax Expenses			
(a) Current Tax		1,045,491	730,808
(b) MAT Credit		-	-
(c) Deferred Tax		(155,335)	73,360
(d) (Excess) Tax provision for earlier years		890,156	(5,534)
PROFIT AFTER TAX		2,117,239	1,390,555
Earnings per share Rs. and diluted (Face value of Rs.10 each)	21	0.42	0.28
Significant Accounting Policies and Notes to Financial Statements form an integral part of the financials			

In Accordance with our Report attached

For and on behalf of the Board of Directors

For ANBALAGAN & CO

CHARTERED ACCOUNTANTS

FRN No: 011394S

N.ANBALAGAN,


Proprietor

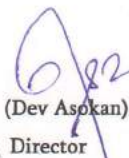
M.No: 019503

Place : MADURAI

Date : 03/06/2017


(S. Charles Selvaraj)
Director Cum CEO


(M. JESUDASAN)
Chairman


(Dev Asokan)
Mg. Director

Place : MADURAI

Date : 03/06/2017

M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	3,007,395	2,189,189
<u>Adjustments for:</u>		
Depreciation and amortisation	795,061	459,933
Provisions for receivables under Financing Activity	-	418,849
Operating profit / (loss) before working capital changes	3,802,456	3,067,971
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(16,562,913)	2,367,236
Short-term loans and advances	417,664	533,707
Long-term loans and advances	(130,817)	30,100
Other current assets	(1,030,851)	(1,225,010)
Other non-current assets	(3,534,313)	5,747,847
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Other current liabilities	230,068	(32,207)
Cash flow from extraordinary items	-	-
Cash generated from operations	(16,808,706)	10,489,644
Net income tax (paid) / refunds	(178,407)	(161,646)
Net cash flow from / (used in) operating activities (A)	(16,987,113)	10,327,998
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	879,565	(1,952,927)
Proceeds from sale of fixed assets	-	-
Cash flow from extraordinary items	-	-
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) investing activities (B)	879,565	(1,952,927)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	15,893,145	(19,642,341)
Repayment of long-term borrowings	-	-
Proceeds from other short-term borrowings	-	-
Net cash flow from / (used in) financing activities (C)	15,893,145	(19,642,341)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(214,403)	(11,267,270)
Cash and cash equivalents at the beginning of the year	8,548,591	19,815,861
Cash and cash equivalents at the end of the year	8,334,188	8,548,591

Note:


(i) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements.

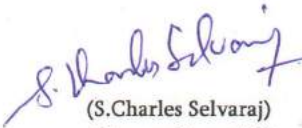
(ii) Refer Note: 13 for items included in cash & cash equivalents.

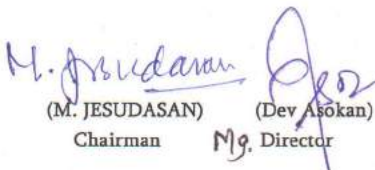
In terms of our report attached.

For and on behalf of the Board of Directors

For ANBALAGAN & CO
CHARTERED ACCOUNTANTS
FRN No: 011394S


N.ANBALAGAN,
Proprietor
M.No: 019503
Place : MADURAI
Date : 03/06/2017


(S.Charles Selvaraj)
Director Cum CEO


(M. JESUDASAN) (Dev. Asokan)
Chairman Mgr. Director

Place : MADURAI
Date : 03/06/2017

N.ANBALAGAN, B.A., F.C.A.,
Chartered Accountants
FR No: 011394S
No.11, Shopping Complex
2nd Floor, Salai Road,
Madurai, Tamil Nadu - 625 002

M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012

Note No.	PARTICULARS
1	CORPORATE INFORMATION <p>M/s. Virutcham Microfinance Limited is registered with the Chennai Registrar of Companies as a Public Limited Company on 8th July, 2008 vide Registration no. U65929TN2008PLC068502. The Company is holding a valid Certificate of Registration (COR) issued by Reserve Bank of India as a Non-Banking Financial Company without accepting public deposits vide certificate No. N-07-00779 dated 3rd August, 2009 and converted into NBFC-MFI with effect from 06th June, 2014.</p> <p>The registered office of the company is located at C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai, Tamil Nadu-625022.</p> <p>The Company is engaged in extending Micro credit to economically active persons. The Company generally provides small value collateral free loans ranging from Rs. 10,000 to 1,00,000 upto a tenor of 24 Months with Monthly repayment. The Company broadly follows the Self-Help Group model, where each member of the group guarantees the loan repayment of the other members of the group. All transactions are conducted in group meetings organised every Month near the habitats of the members.</p> <p>The Operations of the Company is concentrated within the State of Tamilnadu.</p>
2	SIGNIFICANT ACCOUNTING POLICIES
2.01	Basis of accounting and preparation of financial statements <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 2013. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking-Financial Companies - Microfinance Institutions.</p>
2.02	Use of estimates <p>The presentation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent assets and liabilities) at the end of the year and the reported revenues and expenses during the year. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known/material.</p>
2.03	Cash and cash equivalents (for purposes of Cash Flow Statement) <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.</p>
2.04	Cash flow statement <p>Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.</p>
2.05	Fixed Assets <p>Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.</p>
2.06	Depreciation and amortisation <p>(i) Depreciation has been provided on the straight-line method as per the rates prescribed in Part "C" of Schedule II to the Companies Act, 2013. (ii) Depreciation on additions is charged proportionately from the date of acquisition/installation.</p>
2.07	Receivables Under Financing Activity <p>Receivables under Financing activity include Micro finance loans. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India as amended from time to time.</p>



M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012

Note No.	PARTICULARS
2.08	<p>Revenue recognition</p> <p>Revenues 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. Loans are classified into 'Performing and Non-Performing' assets in terms of the said Directions.</p> <p>Processing fees at the rates as permitted by the RBI is charged on the Microfinance loans disbursed and the same is recognised as and when collected at the time of loan disbursement.</p>
2.09	<p>Other income</p> <p>Bank Deposit Interest income is accounted on accrual basis. Revenue from Interest income on fixed deposits with banks is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.</p>
2.10	<p>Employee benefits</p> <p>a. Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits for current employees are estimated and measured on an undiscounted basis.</p> <p><u>B. Defined contribution plans:-</u> Company's contributions paid/payable during the year to Provident Fund, Pension fund and employee state insurance scheme are recognised in the statement of Profit and Loss based on amount of contribution required to be made and when services are rendered by the employees.</p>
2.10	<p>Borrowing costs</p> <p>Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.</p>
2.11	<p>Segment reporting</p> <p>The Company's business segment is micro finance services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.</p>
2.12	<p>Earnings per share</p> <p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p>
2.13	<p>Taxes on income</p> <p>Current tax is the amount of tax payable on the taxable income for the year after taking into consideration the benefits /disallowances admissible under the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences.</p>
2.14	<p>Provisions and Contingent liabilities</p> <p>Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to accounts.</p>
2.15	<p>Preliminary Expenses</p> <p>Preliminary Expenses are written off in five years from the commencement of commercial operations.</p>



M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012

Note No. NOTES TO THE FINANCIAL STATEMENTS

3 SHARE CAPITAL :

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
Authorised :				
Equity shares of Rs.10/- each	10,000,000	100,000,000	10,000,000	100,000,000
Issued, subscribed and fully paid up				
Equity Shares of Rs.10/-, each, fully paid up	5,000,000	50,000,000	5,000,000	50,000,000
Total	5,000,000	50,000,000	5,000,000	50,000,000

Notes :

(i) The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2016 and 31st March, 2015 is set out below.

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number of Shares	Amount Rs.	Number of Shares	Amount Rs.
Balance at the beginning of the year	5,000,000	50,000,000	5,000,000	50,000,000
Add: Shares issued during the year	-	-	-	-
Balance at the close of the year	5,000,000	50,000,000	5,000,000	50,000,000

(ii) Particulars of Shareholders holding more than 5% share in the Company

Name of the Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	%	No. of Shares	%	No. of Shares
M/s.INFOTECH SOLUTIONS	8.14%	407,000	12.95%	647,500
Mr.L.NEWMEN JEEVARAJ	11.60%	580,000	11.60%	580,000
MRS.JULIET ASOKAN	7.30%	365,050	7.30%	365,050
REV.FR.DENZIL RAJA	10.94%	546,830	11.40%	569,880
Fr.ANTONY RAJA	7.48%	374,000	7.48%	374,000

4 RESERVES & SURPLUS

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Statutory Reserves - (Refer Note Below)		
As per beginning of reporting period	1,275,019	996,908
ADD: Additions/ transfers during the year	423,448	278,111
LESS: Utilisations/ transfers during the year	-	-
As per the end of the reporting period	A 1,698,467	1,275,019
Surplus in Statement of Profit & Loss		
As per beginning of reporting period	3,551,515	2,439,071
Add: Transferred from Profit and Loss Account	2,117,239	1,390,555
Less: Transferred to Statutory Reserve	(423,448)	(278,111)
As per the end of the reporting period	B 5,245,306	3,551,515
Closing Balance	Total (A+B) 6,943,773	4,826,534

Note :

1. The Company has transferred 20% of profit after tax to the Statutory Reserve in accordance with the provision of section 45-IC of Reserve Bank of India Act, 1934.

5 LONG TERM BORROWINGS

Particulars	As at 31st March 2017	As at 31st March 2016
Secured		
- Term Loan from Banks (Refer Note Below)		
(a) TMB - Loan No.14	-	12,383,925
(a) TMB - Loan No.963	13,333,328	
(b) Bank Of Maharashtra	7,909,185	13,938,660
- Others		
Non Convertible Debentures	-	315,964
Total	21,242,513	26,638,549



M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012

Note No. NOTES TO THE FINANCIAL STATEMENTS

Notes:

(i) Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security	As at 31st March, 2017		As at 31st March, 2016	
		Secured	Unsecured	Secured	Unsecured
Term Loan from Banks					
(a) Tamilnadu Mercantile Bank	Secured by Microfinance Loan and repayable in 36 monthly installments.	25,067,388	-	15,181,581	-
(b) Bank Of Maharashtra	Secured by Microfinance Loan and repayable in 33 monthly installments.	20,953,452	-	14,630,150	-
Total - Term loans from banks		46,020,840	-	29,811,731	-
Others					
Non Convertible Debentures	The book debts and receivables of the company at its head office and all of its branches.	-	-	315,964	-
Total		46,020,840	-	30,127,695	-

(ii) Details of long-term borrowings guaranteed by some of the directors or others:

Particulars	As at 31st March 2017	As at 31st March 2016
Term loans from banks		
(a) Tamilnadu Mercantile Bank	25,067,388	15,181,581
(b) Bank of Maharashtra	20,953,452	14,630,150

(iii) The Company has not defaulted in repayment of Loans and Interest accrued on it.

6 LONG TERM PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016
Provision - Others:		
Contingent Provisions against Standard Assets (Refer Note 23)	179,576	108,318
Provisions against bad and doubtful debts (Refer Note 23)	-	-
Total	179,576	108,318

7 OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2017	As at 31st March 2016
Current maturities of Long Term debt		
a. Secured Loans from Bank		
(a) TMB Bank	11,734,060.00	2,797,656.00
(b) Bank of Maharashtra	13,044,267.00	691,490.00
b. Others	-	-
Total	24,778,327.00	3,489,146.00
Statutory Payables -		
TDS Payable	44,104	35,253
Other Payables:		
Audit Fees Payable	157,500	156,750
Insurance Payable	343,644	123,177
Total	25,323,575	3,804,326

8 SHORT TERM PROVISIONS

Particulars	As at 31st March 2017	As at 31st March 2016
Provision - Others:		
Provision for Income Tax (Net of Advance Tax of Rs 450000/- & TDS Rs.23297/-)	572,194	178,407
Contingent Provisions against Standard Assets (Refer Note 23)	1,039,727	1,110,986
Provisions against bad and doubtful debts (Refer Note 23)	-	-



Note

No. NOTES TO THE FINANCIAL STATEMENTS

10 LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March 2017	As at 31st March 2016
Security deposits		
-Telephone	9,617	3,800
-Building	185,000	60,000
- Loans and Advances		
Total	194,617	63,800

11 OTHER NON-CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016
Long-term trade receivables		
Unsecured, considered good	14,366,105	10,831,792
Total	14,366,105	10,831,792

12 TRADE RECEIVABLES - Under Financing Activity

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Outstanding for a period less than six months from the date of due		
Unsecured, Considered good		
Micro finance loan (Refer Note (i) below)	77,661,472	61,098,559
Total	77,661,472	61,098,559

Note (i): All overdue loans on account of misappropriation to the extent of Rs.10,21,032/- where the tenure of the loan is completed and in the opinion of the management is not recoverable have been written off in full. (Refer Note 23)

13 CASH AND CASH EQUIVALENTS

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Cash on hand	887,692	1,224,500
(b) Balances with banks		
(i) Current Accounts	2,046,496	5,324,091
(ii) In deposit accounts	5,400,000	2,000,000
Total	8,334,188	8,548,591

NOTE : Balance with banks include Fixed Deposit (Pledged) amounting to Rs. 54,00,000/- as on 31st March 2017 and Rs. 20,00,000/- as on 31st March 2016.

14 SHORT-TERM LOANS AND ADVANCES

Particulars	As at 31st March 2017	As at 31st March 2016
Employee Advance	2,262,096	2,679,760
Total	2,262,096	2,679,760



Note

No. NOTES TO THE FINANCIAL STATEMENTS

15 OTHER CURRENT ASSETS

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Accruals		
(i) Interest accrued on deposits	366,262	156,603
(ii) Interest accrued on Loans	863,901	516,006
Total	1,230,163	672,609

16 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest on loans under Financing Activity	20,067,687	20,270,901
Total	20,067,687	20,270,901

17 OTHER INCOME

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest on Bank Deposits	232,958	174,004
Processing Fees	918,850	826,778
Miscellaneous Income	213,678	93,306
Total	1,365,486	1,094,088

18 FINANCE COSTS

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest on Bank borrowings	3,598,197	5,852,248
Interest on Debentures	76	104,151
Processing fees on bank borrowings	184,160	233,725
Total	3,782,433	6,190,124

19 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Salaries and wages	3,243,022	2,719,093
Staff welfare expenses	207,751	15,105
Rewards and Recognition	291,450	-
Staff Training	382,330	-
Incentive Programme	126,220	-
Total	4,250,773	2,734,198



Note

No. NOTES TO THE FINANCIAL STATEMENTS

20 ADMINISTRATION EXPENSES

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Bank charges	269,891	24,898
Printing & Stationery	313,820	183,211
Postage & Courier Charges	32,555	25,182
Rent & Electricity Charges	448,598	376,486
Repairs and Maintenance - Building	524,000	493,584
Repairs and Maintenance - Computer	101,805	-
Repairs and Maintenance - Others	209,850	16,024
Insurance	-	33,459
Interest payment on income tax	5,042	-
Communication expenses	336,125	186,245
Support Service and Service charges	2,271,393	2,988,479
Travelling & Conveyance	1,244,965	730,461
Auditors remuneration (Refer Note: 20.1 below)	172,500	171,750
Meeting & Training Expenses	652,538	247,754
Fees to ROC	31,875	26,100
Web Site Development	204,000	20,250
Subscription & Membership fee	-	-
ICRA Rating fee	210,525	-
Other professional charges	225,707	527,565
Amortisation of preliminary Expenses	-	-
Software Written Off (Refer Note 25.9)	1,255,758	1,069,236
Legal Expenses	18,500	-
Miscellaneous expenses	47,032	31,538
Total	8,576,479	7,152,221

NOTE 20.1

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Payments to the auditors comprises (net of service tax input credit, where applicable)		
For Statutory audit		
- Audit Fees	115,000	114,500
- Tax Audit Fees	40,250	40,075
- Other Certification	17,250	17,175
Total	172,500	171,750



M/s. VIRUTCHAM MICROFINANCE LTD.,
C-50, Gurudev Nagar, Avaniyapuram Bye Pass Road, Madurai - 625012

FIXED ASSETS (AS PER COMPANIES ACT)

	COST OF ASSETS				Useful Lives	DEPRECIATION			COST LESS DEP	
	Balance as at 1 April, 2016	Additions	Disposals	Balance as at 31 March, 2017		Balance as at 1 April, 2016	Depreciation / amortisation expense for the year	Balance as at 31 March, 2017	Balance as at 31 March, 2016	Balance as at 31 March, 2017
					Yrs					
Intangible Assets										
Plant and Fixtures										
Computer	1,282,803	31,313	-	1,314,116	10	344,924	123,096	468,020	846,096	937,880
Conditioner	1,035,669	144,880	-	1,180,549	3	1,010,770	16,813	1,027,582	152,967	24,899
Motor Vehicle	260,069	-	-	260,069	5	133,823	49,413	183,236	76,833	126,246
Plant and Machinery	51,867	-	-	51,867	10	3,433	4,927	8,360	43,507	48,434
Investment	1,840,115	200,000	1,255,758	784,357	3	1,592	600,812	602,404	181,953	1,838,572
Total	4,470,523	376,193	1,255,758	3,590,958	31	1,494,541	795,061	2,289,602	1,301,356	2,975,982
Plus year	2,517,596	1,952,927	-	4,470,523		1,034,609	459,933	1,494,541	2,975,982	1,482,988



M/s. VIRUTCHAM MICROFINANCE LTD.,
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Statement Showing Depreciation as per The Income Tax Act, 1961

Tangible Assets	WDV as on 1 April, 2016	Additions 1st Half	Additions 2nd Half	Disposals	Total	IT Rate %	Depreciation	WDV as on 31 March, 2017
(a) Furniture and Fixtures								
Owned	874313	16,222.00	15,091.00	-	905,626.00	10%	89,808.00	815,818.00
(b) Computer								
Owned	53904	62,530.00	82,350.00	-	198,784.00	60%	94,565.00	104,219.00
(c) Air Conditioner								
Owned	160256	-	-	-	160,256.00	15%	24,038.00	136,218.00
(d) Vehicle								
Owned	44,087.00	-	-	-	44,087.00	15%	6,613.00	37,474.00
(e) Software	1,288,080.00		200,000.00	1,288,080.00	200,000.00	60%	60,000.00	140,000.00
Total	1,088,473.00	78,752.00	297,441.00	-	1,264,666.00		275,024.00	1,056,255.00
Previous year	1,212,539.00	302,077.15	-	1,700.00	1,512,916.15		266,330.06	1,212,368.39



Note No. NOTES TO THE FINANCIAL STATEMENTS

21 Disclosures under Accounting Standard - 20

Particulars	As at 31 March, 2017	As at 31 March, 2016
EARNINGS PER SHARE		
<u>Basic</u>		
Net profit / (loss) for the year from continuing operations	2,117,239	1,390,555
Less: Preference dividend and tax thereon	-	-
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	2,117,239	1,390,555
Weighted average number of equity shares	5,000,000	5,000,000
Par value per share	10	10
Earnings per share from continuing operations - Basic	0.42	0.28

22 Disclosures under Accounting Standard - 22

Particulars	As at 31 March, 2017	As at 31 March, 2016
Deferred tax (liability) / asset		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(48,638)	(203,973)
Tax effect of items constituting deferred tax liability	(48,638)	(203,973)
<u>Tax effect of items constituting deferred tax assets</u>		
Brought forward business losses	-	-
Tax effect of items constituting deferred tax assets	-	-
Net deferred tax (liability) / asset	(48,638)	(203,973)

The Company has recognised deferred tax liability on timing difference on difference between depreciation as per Accounting book and tax law.

23 Disclosures under Accounting Standard - 29

Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at 1 April, 2016	Additions	As at 31 March, 2017
Provision for receivables under Financing Activity	1,219,304	-	1,219,304
	(800,454)	(418,849)	(1,219,304)
	-	-	-
Total	1,219,304	-	1,219,304
	(800,454)	(418,849)	(1,219,304)

Note: - Figures in brackets relate to the previous year.

(i) The Company had ascertained that funds to the extent of Rs. 11.71 lakhs had been misappropriated by Staff member working in Jayamkondam Branch during the Financial year 2015-16. Concerted efforts were taken by the Management for recovery and an amount of Rs.1.5 Lakhs was recovered from the Staff Member.

(ii) The Management had created provisions to the extent of Rs. 5 Lakhs during the Financial Year 2015-16. The new management after discussion with old management and the auditors have written off the same along with the balance unrecovered amount of Rs.5.21 lakhs during the current financial year.

(iii) Since the existing Provision for receivables at Rs.12.19 Lakhs, is in excess of the sum of 1% Provision for receivables to be created against outstanding portfolio and 0.25% of standard assets (Rs. 11.49 Lakhs), no fresh Provisions for receivables has been created in the financial year 2016-17

Of the above, the following amounts are expected to be incurred within a year:

Particulars	As at 31 March, 2017	As at 31 March, 2016
Provision for receivables under Financing Activity		



24 Disclosure Pursuant to Reserve Bank of India Notification

DNBS. 193DG(VL) - 2007 dated 22nd February 2007

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs. in lakhs)

Particulars			
Liabilities side :			
1	Loans and advances availed by the nonbanking financial company inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	-	-
	Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits		-
	(c) Term Loans	460.21	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans - Bank Loan repayable on Demand	-	-
	* Please see Note 1 below		
Assets side :			Amount outstanding
2	Break-up of Loans and Advances including bills receivables(Other than those included in (4) below)		
	(a) Secured		-
	(b) Unsecured		920.28
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
	(i) Lease assets including lease rentals under		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on hire including hire charges under		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
4	Break-up of Investments :		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-
	2. Unquoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-



Long Term investments : 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)		-	-	-	-	-
5 Borrower group-wise classification of assets financed as in (2) and (3) above: Please see Note 2 below						
Category		Amount net of provisions				
		Secured		Unsecured	Total	
1. Related Parties **						
2. Other than related parties		-		920.28	920.28	
Total						
6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) Please see note 3 below						
Category			Market value /Break up or fair value or NAV	Book Value (Net of Provisions)		
1. Related Parties **						
(a) Subsidiaries			-	-		
(b) Companies in the same group			-	-		
(c) Other related parties			-	-		
2. Other than related parties			-	-		
Total			-	-		
** As per Accounting Standard of ICAI (Please see Note 3)						
7 Other information					Rs. In Lakhs	
Particulars					Amount	
(i)	Gross Non-Performing Assets					
	(a) Related parties				-	
	(b) Other than related parties				6.27	
(ii)	Net Non-Performing Assets					
	(a) Related parties				-	
	(b) Other than related parties				-	
(iii)	Assets acquired in satisfaction of debt				-	



Note No. NOTES TO THE FINANCIAL STATEMENTS

25 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

25.1 Earnings in foreign currency - Rs. Nil (As at 31st March, 2017 - Rs. Nil)

25.2 Expenditure in foreign currency - Rs. Nil (As at 31st March, 2017 - Rs. 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.

25.4 Loans & Advances

The company has provided staff advances and loans to staff during the financial year.

25.5 Asset Classification & Provisioning

The company complies with the prudential norms of the Reserve Bank of India (RBI) 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 2 December 2011, DNBS.PD/CC.No.263/03.10.038/2011-12 dated 20 March 2012 and DNBS.(PD).CC.No.347/03.10.38/2013-14 dated 1 July 2013.

Accordingly, during the year, the Company in line with the guidelines laid down under the DNBS.(PD).CC.No.347/03.10.38/2013-14 dated 1 July 2013 has provided Rs. 1219304/- being in excess of 1.25% of the outstanding portfolio as at March 31, 2017. The disclosure made in the following table with respect to the asset classification and the provision is as per the RBI guidelines

Particulars	March 31, 2017 (₹)		March 31, 2016 (₹)	
	Loans for Financial Assistance	Provision	Loans for Financial Assistance	Provision
Summary of Portfolio Balance and related provisions	92,027,577	920,276	71,930,351	1,219,304
Note No.6 Long Term Provisions		179,576		108,318
Note No.8 Short Term Provisions		1,039,727		1,110,986
Note No.11 Other Non Current Assets	14,366,105		10,831,792	
Note No.12 Trade Receivables under Financing Activity	77,661,472		61,098,559	
Total	92,027,577	1,219,304	71,930,351	1,219,304

The Company has made provision for various loans provided by it in accordance with the guidelines as laid down by RBI and amended from to time.

25.6 Qualifying Assets Ratio

S. No.	Particulars	₹	%
A.	Net Assets of the Company	101,942,512	
B.	Qualifying Assets	92,027,577	
C.	Qualifying Assets Ratio		90.27%
D.	Ratio of Income Generation Loan to Total Loan		
	Income Generation Loan	89,251,577	
	Total Loan	92,027,577	
	Ratio		96.98%



Note No. NOTES TO THE FINANCIAL STATEMENTS

25.7 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CCM (PK)-2008 dated 1st August 2008

(i) Capital to Risk asset ratio

Particulars	As at 31 March, 2017	As at 31 March, 2016
Tier I Capital		
Tier II Capital	56,943,773	54,826,534
Total	1,184,421	1,219,304
Total Risk Weighted Assets	58,128,194	56,045,838
Capital Ratios	94,753,713	77,642,742
Tier I Capital as percentage of Total Risk Weighted Assets (%)	60.10%	70.61%
Tier II Capital as percentage of Total Risk Weighted Assets (%)	1.25%	1.57%
Total Capital (%)	61.35%	72.18%

25.8 Statutory Reserve

As per Section 45-1C of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs.423448/- (Year ended 31 March, 2016 Rs. 2,78,111/-), out of the Net Profit after tax for the year ended 31st March 2017 to Statutory Reserve.

25.9 Change in Management

The Company is in the process of takeover by a new Management. Prior to the process of taking over, a due diligence was conducted and the existing portfolio and assets were thoroughly reviewed. The incoming new management after due deliberation decided to write off assets, that in their opinion was not recoverable. The following assets were written off accordingly:

- Loan portfolio - The new incoming Management has written off loans worth Rs. 10.21 lakhs after an extensive verification of the portfolio. (Refer Note 23)
- Software - The new incoming Management undertook a complete review of the existing software, the controls, process flow and security and decided to invest in a new upgraded software which smoothens the flow of transactions, generates timely and effective reports and is in line with the regulations and compliances. (Refer note 20)

The application filed with the Reserve Bank of India for change in management was granted approval on April 24, 2017 vide DNBS(Che)/CMD/1743/13.23.404/ 2016-17 and for infusion of equity upto Rs. 10 crores.

25.10 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



Calculation of Capital Adequacy Ratio as on 31st March 2017

Particulars	Sub totals	Totals	Totals
Tier I Capital			
Add:			
1. Paid up equity capital	50,000,000		
2. Convertible preference shares			
3. Free reserves	6,943,773		
4. Share premium (balance in the account)			
5. Capital reserve (rep. sur+ of sale proceeds of asset)		56,943,773	
Less:			
1. Accumulated loss in balance sheet	-		
2. Book value of intangible assets	-		
3. Deferred revenue expenditure	-		
Net owned fund		56,943,773	
Less:			
1. Shares in other NBFC's			
2. Shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding 10% of owned fund.			
Tier I Capital		56,943,773	
Tier II Capital			
Add:			
1. Non convertible preference shares	-		
2. revaluation reserve at discounted rate of 55%	-		
3. General provisions and loss reserves to the extent of (1&1/4)% of risk weighted assets.	1,184,421		
4. Hybrid debt and capital instruments	-		
5. Subordinated debt	-		
To the extent the discounting value does not exceeding 50% of Tier-I Capital	-		
	1,184,421		
Limited to the extent of Tier I and II for the purpose of capital adequacy (the total Tier II capital shall not exceed 100% of Tier I)		1,184,421	
Tier II Capital		1,184,421	
Total of Tier I & Tier II Capital			58,128,194
Asset particulars			
	Amount	% of weight	Risk adjusted amount
Cash and Bank balances including fixed deposits and certificates of deposits with bank	2,934,188	0%	-
Fixed Deposits pledged with Banks	5,400,000	0%	-
Investments	-	0%	-
Trade Receivable under Financing Activity	92,027,577	100%	92,027,577
Fixed assets net of depreciation	1,301,356	100%	1,301,356
Other assets			
a) TDS-income tax (net of provision)		0%	-
b) Advance tax paid (net of provision)		0%	-
c) Staff Advance	2,262,096	0%	-
C) Others to be specified	1,424,780	100%	1,424,780
Total risk weighted assets	105,349,997		94,753,713
CAR			61.35%



Qualifying Assets Ratio

S. No.	Particulars			%
A.	Net Assets of the Company :			
1	Total Assets as per Balance Sheet		105,349,997	
	Less:			
2	Cash & Bank balances and financial Institutions, government securities and money market instruments			
	(a) Cash on hand	887,692		
	(b) Balances with banks	-		
	(i) In current accounts	2,046,496		
3	Other Financial Assets :			
	(i) Advance Tax Paid	473,297		
			3,407,485	
	Net Assets of the Company (1-2)		101,942,512	
B.	Qualifying Assets :			
1	Trade receivables under Financing Activity			
	(i) Current	77,661,472		
	(ii) Non-Current	14,366,105		
	Total Qualifying Assets (1+2)		92,027,577	
C.	Qualifying Assets Ratio			90.27%
	Income Generation Loan		89,251,577	
	Ratio of Income Generation Loan to Total Loan			96.98%

