



M.K. GUPTA AND ASSOCIATES

Chartered Accountants

B-4, Manglam, Avas Vikas, Delhi Road, Saharanpur-247001 Uttar Pradesh

Phone : , E-Mail : maheshsre@yahoo.com

Independent Auditor's Report

To the Members of DISHA INDIA MICRO CREDIT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **DISHA INDIA MICRO CREDIT ("the Company")** which comprises the Balance Sheet as at March 31, 2020, the Statement of Income and Expenditure, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and Surplus of income for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, Surplus/Deficit of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of



accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other Information

The company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be material misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

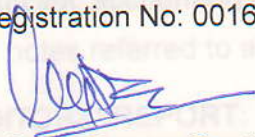
1. The company is licensed to operate under section 25 of the companies Act, 1956 (corresponding Section 8 of the Act) and accordingly, as per clause 2(iii) of the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of the section 143 of the Act, the said order is not applicable to the Company.



2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The financial statements, 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 the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) 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 in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material and foreseeable losses.
 - iii. There have been no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For M.K. GUPTA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration No: 001618C


(CA Mahesh Kumar Gupta)
Proprietor
Membership no. 070783



Place: SULTANPUR - CHILKANA
Dated: 19.12.2020
UDIN: 20070783AAAABE4414



DISHA INDIA MICRO CREDIT
SULTANPUR- CHILKANA, DISTT. SAHARANPUR-247231
 (Company incorporated u/s 25 of the Companies Act, 1956)
 (Now Sec. 8 of the Companies Act, 2013)
 (CIN: U74900UP2008NPL035644)

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount in Rs.)

PARTICULARS	Note No.	As on 31.03.2020	As on 31.03.2019
I. EQUITY & LIABILITIES:			
(1) SHARE HOLDERS' FUNDS			
(a) Share Capital	1	3,272,170.00	3,272,170.00
(b) Reserves and Surplus	2	70,237,507.84	54,002,100.83
2. NON CURRENT LIABILITIES:			
(a) Long term borrowings	3	6,970,728.00	1,406,951.00
3. CURRENT LIABILITIES:			
(a) Other current liabilities	4	15,281,722.03	8,060,316.87
(b) Short term provisions	5	4,957,413.00	7,873,817.00
TOTAL		100,719,540.87	74,615,355.70
II. ASSETS:			
1. NON CURRENT ASSETS:			
(a) Property, Plant & Equipments:			
Tangible Assets	6 A	2,667,246.28	3,447,090.08
Intangible Assets	6 B	116,441.00	124,878.00
(b) Other non-current assets	7	18,802,399.35	34,510,991.53
2. CURRENT ASSETS:			
(a) Cash and cash equivalents	8	7,561,832.57	10,714,876.02
(b) Short term loans & advances	9	54,092,182.00	9,251,312.00
(c) Other Current Assets	10	17,479,439.67	16,566,208.07
TOTAL		100,719,540.87	74,615,355.70

Other notes	17
Significant accounting policies	18

The notes referred to above are an integral part of the Financial Statements.

FOR DISHA INDIA MICRO CREDIT


AUDITORS' REPORT:

As per our report of even date

FOR M.K. GUPTA & ASSOCIATES

Chartered Accountants

Firm Registration no: 001618C


(CA Mahesh Kumar Gupta)
 Proprietor

Membership no: 070783

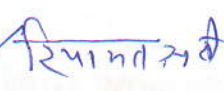
DATED: 19.12.2020

UDIN: 20070783AAAABE4414


(K.N. Tiwari)

DIN:01311641

**Managing
Director**


(Riyasat Ali)

DIN:08339410

Directors


(Rehtu Lal)

DIN:02507434

PLACE: SULTANPUR CHILKANA



DISHA INDIA MICRO CREDIT

SULTANPUR- CHILKANA, DISTT. SAHARANPUR-247231

(Company incorporated u/s 25 of the Companies Act, 1956)

(Now Sec. 8 of the Companies Act, 2013)

(CIN: U74900UP2008NPL035644)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

PARTICULARS	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
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INCOME:

I. - Revenue from operations	11	63,208,658.00	54,812,489.00
II. - Other income	12	3,458,070.55	3,508,150.86

Total revenue (i + II)

66,666,728.55	58,320,639.86
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III EXPENDITURE:

- Employee benefit expenses	13	31,318,979.46	30,172,704.20
- Finance Costs	14	435,500.28	60,356.48
- Depreciation and amortization expense	15	1,160,555.00	671,567.00
- Other expenses	16	17,506,316.80	13,648,724.91

Total expenditure

50,421,351.54	44,553,352.59
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SURPLUS BEFORE TAX:

16,245,377.01	13,767,287.27
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VI. Tax expense

0

0

VII. Surplus after tax

16,245,377.01**13,767,287.27****IX EARNINGS PER EQUITY SHARE:**

(i) Basic	49.65	42.07
(ii) Diluted	49.65	42.07

Other notes 17**Significant accounting policies** 18

The notes referred to above are an integral part of the Financial Statements.

Figures in brackets represent losses.

AUDITORS' REPORT:

As per our report of even date

FOR M.K. GUPTA & ASSOCIATES**Chartered Accountants**

Firm Registration no: 001618C

(CA Mahesh Kumar Gupta)

Proprietor

Membership no: 070783

PLACE: Sultanpur-Chilkana

DATED: 19.12.2020

UDIN: 20070783AAAABE4414

FOR DISHA INDIA MICRO CREDIT**(K.N. Tiwari)**

DIN:01311641

**Managing
Director****(Riyasat Ali)**

DIN:08339410

Directors**(Rehtu Lal)**

DIN:02507434



DISHA INDIA MICRO CREDIT

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

PARTICULARS	As at 31.03.2020	As at 31.03.2019
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The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

1. SHARE CAPITAL

Authorized Share Capital

5,00,000 Equity Shares of Rs.10/- each	5,000,000.00	5,000,000.00
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Issued, Subscribed & paid-up Share Capital

3,27,217 Equity Shares of Rs.10/- fully paid up	3,272,170.00	3,272,170.00
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- 1.1 The company being registered u/s 25 of the Companies Act, 1956, (now S. 8 of The Companies Act, 2013), total equity shares of the company as issued, subscribed and paid-up are not eligible for dividend, bonus or any other benefit.

- 1.2 The details of share holders holding more than 5% shares :

Name of the share holder	As on 31.03.2020		As on 31.03.2019	
	No. of Shares	% held	No. of shares	% held
Disha Social Organisation	2,47,197	75.55	2,47,197	75.55
Sh. K. N. Tiwari	40,010	12.23	40,010	12.23
Sh. Rehtu Lal	20,000	6.11	6.11	6.11
Sh. Apporv Garg	20,000	6.11	6.11	6.11

- 1.4 The reconciliation of the no. of shares outstanding :

Total no. of shares outstanding as on 31.03.2019 and 31.03.2020 are same. Hence, no reconciliation is required.

2. RESERVES & SURPLUS

(a) CAPITAL RESERVE

Fixed Assets acquired out of Grant from SIDBI (O/B)	85,365.00	102,749.00
Less: Depreciation charged	(9,970.00)	(17,384.00)
	75,395.00	85,365.00

(b) GENERAL RESERVE

- Balance c/f from previous year	39,627,990.75	39,627,990.75
- Transferred from surplus in Income & Exp. a/c	13,767,287.27	

Total (b) **53,395,278.02** **39,627,990.75**

(c) SURPLUS (IN STATEMENT OF INCOME & EXPENDITURE):

- Balance c/f from previous year	14,288,745.08	521,457.81
- Current year surplus / deficit	16,245,377.01	13,767,287.27
- Less: Appropriations		
- Transferred to General reserve	(13,767,287.27)	

Total (c) **16,766,834.82** **14,288,745.08**

Total (a+b+c) **70,237,507.84** **54,002,100.83**



Directors

DISHA INDIA MICRO CREDIT

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount in Rs.)

3. LONG TERM BORROWINGS		
	As at 31.03.2020	As at 31.03.2019
Secured		
- Term Loan from Samunnati Financial Intermediation & Services Pvt. Ltd.	5,858,914.00	-
- Term Loan From Canara Bank (Auto Loan)	1,111,814.00	1,406,951.00
Total	6,970,728.00	1,406,951.00

3.1 Term loans from Samunnati Financial Intermediation & Services Pvt. Ltd. are secured by hypothecation of receivables, personal guarantee of 2 directors of the company and four undated security cheques from the company and two undated cheques from personal account of 2 directors of the company.

3.2 Term loan from Canara Bank is secured against vehicle purchased by company from this loan.

3.3 Terms of repayment of Term Loans (Secured) are given below:

Repayment to be made during F.Y.						
Sl. No.	Loan from	Balance O/S as on 31.03.20	2020-21	2021-22	2022-23	2023-24
1	Canara Bank (Auto Loan)	14,41,461	3,29,647	3,34,059	3,65,940	4,11,815
2	Samunnati Financial Intermediation & Services Pvt. Ltd.	1,00,00,000	41,41,086	58,58,914	0	0

3.4 There is no continuing default as on the date of Balance Sheet in repayment of loans and interest

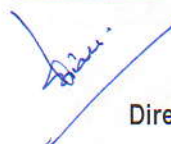
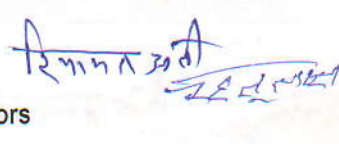
4. OTHER CURRENT LIABILITIES:

Current maturity of long term debts

	As at 31.03.2020	As at 31.03.2019
a) Term Loan from Samunnati Financial Intermediation & Services Pvt. Ltd.	4,141,086.00	-
b) Term Loan From HDFC Bank (Auto Loan)	-	108,516.51
c) Term Loan From Canara Bank (Auto Loan)	329,647.00	278,049.00
- Security from staff members & others	1,983,050.00	1,963,050.00
- Insurance Premium payable	3,878,209.00	4,240,007.00
- Interest accrued but not due on borrowings	182,192.00	2,027.21
- Funding from Yes Bank & Arohan (to be disbursed to SHGs / JLGs)	421,362.00	336,600.00
- Yes Bank & Arohan Instalments payable	3,494,348.81	-
- Other payables	851,827.22	1,132,067.15

Total	15,281,722.03	8,060,316.87
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 Directors

DISHA INDIA MICRO CREDIT
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020
(Amount in Rs.)

PARTICULARS	As at 31.03.2020	As at 31.03.2019
5. SHORT TERM PROVISIONS:		
a) Provisions for employee benefits	1,905,081.00	3,100,026.00
b) Others (auditors remuneration)	127,000.00	115,000.00
c) Provision for losses in Micro advances (th. Yes Bank & Arohan)	2,925,332.00	4,658,791.00
Total	4,957,413.00	7,873,817.00
7. OTHER NON - CURRENT ASSETS:		
a) Fixed deposits with Yes Bank, PNB & Canara Bank (Pledged) (See note no. 17.3)	18,127,760.35	33,698,252.53
c) Security deposit with Disha Social Organization	620,000.00	750,000.00
d) Security deposit with others	54,639.00	62,739.00
Total	18,802,399.35	34,510,991.53
8. CASH AND CASH EQUIVALENTS:		
- Cash in hand (Including cash at Branches)	408,280.00	280,566.00
- Balances with Scheduled Banks(current & saving accounts)	7,153,552.57	10,434,310.02
Total	7,561,832.57	10,714,876.02
9. SHORT TERM LOANS AND ADVANCES:		
(Unsecured but considered good)		
- Micro Finance Advances to poor persons organised in SHGs & JLGs (secured by personal guarantee of borrowers only)	53,695,837.00	8,002,583.00
Less: Provision for losses in Micro Finance Advances	(536,958.00)	(80,026.00)
	53,158,879.00	7,922,557.00
- Loans & advances to staff and others (including prepaid ex	933,303.00	1,328,755.00
Total	54,092,182.00	9,251,312.00
10. OTHER CURRENT ASSETS:		
(Receivable in cash or in kind or for value to be received unsecured but considered good)		
a) Interest accrued on FDRs (Canara Bank)	10,750.00	176,061.82
b) Interest accrued but not due on MFI advances	426,614.00	60,184.00
c) Income tax deducted at source (refundable)	9,869,352.67	9,467,981.40
d) Yes Bank collections (SHG & JLG)	-	1,530,178.19
e) Fees /Commission receivable from Yes Bank & Arohan	1,976,149.00	5,177,617.00
f) Other Assets	196,574.00	154,185.66
g) Margdarshak Financial Service Ltd.	5,000,000.00	-
Total	17,479,439.67	16,566,208.07
11. REVENUE FROM OPERATIONS:		
a) Interest on Micro Finances advances	5,159,076.00	1,227,535.00
b) File documentation charges	708,820.00	102,505.00
c) Fees /Commision from Yes Bank & Arohan on MFI Loans	57,340,762.00	53,482,449.00
Total	63,208,658.00	54,812,489.00



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Directors

DISHA INDIA MICRO CREDIT
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

NOTE NO. 6: FIXED ASSETS

PARTICULARS	ORIGINAL COST			DEPRECIATION			Adjusted in 14-15 **	WRITTEN DOWN VALUE	
	As on 1.4.19	Additions/Delition during the year	Total cost	Upto 31.03.19	During the Year	Total upto 31.03.20		As on	As on
A. TANGIBLE ASSETS									
i) GENERAL									
Car (Bolero -SLX)	763,000	-	763,000	612,497	47,002	659,499	-	150,503	103,501
Car (Innova - Crysta)	1,981,396	193,450	2,174,846	5,086	673,644	678,730	-	1,976,310	1,496,116
Computers & Printers	2,295,951	67,417	2,363,368	2,000,448	151,198	2,151,646	18,354	277,149	193,368
Furniture and Fixtures	1,132,511	22,250	1,154,761	738,161	104,855	843,016	-	394,350	311,745
Generator	84,915		84,915	70,712	2,822	73,534	-	14,203	11,381
Motor Cycles	407,045		407,045	352,808	10,630	363,438	-	54,237	43,607
Electrical Gadgets	1,295,039	28,554	1,323,593	861,368	117,104	978,472	-	433,671	345,121
Mobile	99,792	11,130	110,922	82,299	9,174	91,473	-	17,493	19,449
Solar Power System	32,400		32,400	4,137	7,317	11,454		28,263	20,946
Air Conditioner	59,669	35,634	95,303	27,465	15,148	42,613	-	32,204	52,690
CCTV Camera	-	10,809	10,809	-	224	224		-	10,585
TOTAL (i)	8,151,718	369,244	8,520,962	4,754,981	1,139,118	5,894,099	18,354	3,378,383	2,608,509
ii) AGAINST GRANT:-									
Projector	79,990	-	79,990	75,990	-	75,990	-	4,000	4,000
Laptop/ Computer	200,554	-	200,554	185,936	-	185,936	4,589	10,029	10,029
Computer Printer	55,956	-	55,956	52,362	-	52,362	797	2,797	2,797
Photostate Machine	174,427	-	174,427	165,706	-	165,706	-	8,721	8,721
Office Furniture/ Infrastructure	216,983	-	216,983	190,793	6,010	196,803	-	26,190	20,180
Electrical Equipment	58,725	-	58,725	47,131	2,886	50,017	-	11,594	8,708
Paper Bowl & Plate Machines	33,221	-	33,221	27,844	1,074	28,918	-	5,377	4,303
TOTAL (ii)	819,856	-	819,856	745,762	9,970	755,732	5,386	68,708	58,738
TOTAL (A) (i+ii)	8,971,574	369,244	9,340,818	5,500,743	1,149,088	6,649,831	23,740	3,447,091	2,667,247

B. INTANGIBLE

i) GENERAL							
Computer Softwares	1,876,950	13,000	1,889,950	1,755,843	12,886	108,221	99,784
(Window office, E-Fimo & Payroll)							
TOTAL (B) (i)	1,876,950	13,000	1,889,950	1,755,843	12,886	108,221	99,784
ii) AGAINST GRANT:-							
Computer Software	333,135	-	333,135	300,068	16,410	16,657	16,657
TOTAL (B) (ii)	333,135	-	333,135	300,068	16,410	16,657	16,657
TOTAL (B) (i+ii)	2,210,085	13,000	2,223,085	2,055,911	29,296	124,878	116,441
GRAND TOTAL (A+B)	11,181,659	382,244	11,563,903	7,556,654	53,036	3,571,969	2,783,688
Previous Year figures	10,295,556	886,403	11,181,659	8,094,032	53,036	2,148,488	3,571,969

Note: ** Adjustment in 14-15 shown in above table represent the adjustment of depreciation in retained earnings due to calculations based on basis of useful life as per Companies Act 2013.

Directors

Directors



DISHA INDIA MICRO CREDIT
NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020
(Amount in Rs.)

PARTICULARS	As on 31.03.2020	As on 31.03.2019
12. OTHER INCOME:		
a) Interest on FDRs with Banks	2,281,541.78	2,055,321.08
b) Interest & other income *	1,176,528.77	1,210,079.78
c) Grant from Saadhan (for re-imbursment of Salary)	-	242,750.00
Total	3,458,070.55	3,508,150.86

* Includes interest on loan to staff, on I.tax refund & EPF remitted by Govt.

13. EMPLOYEE BENEFIT EXPENSES:		
- Salaries	17,344,645.00	18,468,106.00
- Bonus	1,365,798.00	1,450,371.00
- Gratuity	247,211.00	-
- Other Allowances	5,543,163.00	4,446,030.00
- Incentive	2,451,650.00	1,995,172.00
- Staff training & meetings	127,985.00	162,306.20
- Staff welfare, Insurance premium & others	1,510,756.46	1,471,988.00
- Employees provident fund, ESIC & admin. Exp.	2,727,771.00	2,178,731.00
Total	31,318,979.46	30,172,704.20

14. FINANCE COSTS:		
- Interest on term loans	327,643.28	45,356.48
- Other borrowing costs	107,857.00	15,000.00

Total **435,500.28** **60,356.48**

15. DEPRECIATION AND AMORTIZATION EXPENSE:		
- Depreciation (see note no. 6A)	1,160,555.00	671,567.00
- Amortization of intangible assets (see accounting policy no. 3)	1,160,555.00	671,567.00

16. OTHER EXPENSES:		
Administration, Establishment & other Expenses:		
- Bad debts	5,401,072.00	2,366,448.00
- Bank charges	675,437.57	450,903.82
- Electricity exp. (H.O. & branches)	202,320.50	263,128.00
- Exp. against Grants of Saadhan	-	242,750.00
- Insurance (Cash, Vehicles & fidelity)	196,162.00	182,130.00
- Interest on security from staff	267,751.00	230,544.00
- Loss of cash by Loot / Theft	132,795.00	-
- Misc. & other expenses	1,368,759.61	1,557,160.22
- Payment to auditors	127,000.00	118,200.00
- Provision for losses made against MFI advances	3,382,264.00	1,085,505.00
- Professional & certification charges (including Financial Consultant fees)	1,592,500.00	1,481,336.00
- Rating fees & code of conduct	-	250,000.00
- Rent (H.O. & Branches)	1,610,550.00	1,572,033.00
- Repair & maintenance	361,911.94	484,709.38
- Remuneration to Independent Director(s)	146,000.00	300,000.00
- Software maintenance exp.	365,640.00	622,020.00
- Stationery & printed forms etc.	567,277.96	784,753.78
- Travelling, conveyance & vehicle running (including Directors)	1,108,875.22	1,657,103.71

Total **17,506,316.80** **13,648,724.91**

16.1 PAYMENT TO AUDITORS AS :		
a) Auditors - Statutory Audit fees	125,000.00	110,000.00
b) Certification	-	3,200.00
c) Reimbursement of exp.	2,000.00	5,000.00
Total	127,000.00	118,200.00

16.2 Repairs & maintenance includes exp. for maintenance of Computers, vehicles & others.



Directors

DISHA INDIA MICRO CREDIT

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note no. 17: OTHER NOTES:

17.1 FORMATION & MICRO FINANCE ACTIVITIES OF THE COMPANY:

The company has been incorporated u/s 25 of the Companies Act, 1956 (Now Section 8 of the Companies Act, 2013) on 9th July, 2008. The main objects of the company are to promote Micro Finance Services exclusively to large no. of poor persons, in their villages, towns etc. for income generation; and thus to help them and their families rise out of poverty not with the motive of profit.

17.2 BOOKS & RECORDS:

On the computerization of the accounts of the company and using special software for managing of Micro Finance Advances, printing of sub ledger accounts of the individual borrowers (approximately 19,500 nos. as on 31.03.20 having small value loans with good volume of transactions), is found to be economically unviable, in the Micro Finance scenario. Therefore, the company is maintaining such sub ledgers / members' cards in electronic form only. As informed, the company has installed foolproof back up system and viewing / printing the same through computers as and when needed at head office of the company. At group level the client cards are prepared manually.

17.3 FIXED DEPOSITS WITH BANKS:

Fixed deposits along with interest accrued thereon are pledged with the respective Financial Institutions (Yes Bank & Arohan Financial Services Ltd.) against the loans provided by them to the company/ borrowers.

17.4 PROVISION FOR INCOME TAX :

The company, being a charitable company, has been granted exemption u/s 12AA of the Income Tax Act and therefore, no income tax is payable by the company. Therefore, no provision for Income Tax has been made in the accounts.

17.5 DEATH CLAIMS OF BORROWERS:

The company has taken insurance policies of borrowers against death of borrowers and their beneficiaries. Receipt of such claims has been treated as current liability by the management. Consequently no such receipts and payments are reflected in Income and Expenditure account.

17.6 EARNINGS PER EQUITY SHARE:

	F.Y. 2019-20	F.Y. 2018-19
- Profit/Loss after tax	Rs. 1,62,45,377	Rs. 1,37,67,287
- Total no. of equity shares	3,27,217	3,27,217
- EPS (basic)	Rs. 49.65	Rs. 42.07
- EPS (diluted)	Rs. 49.65	Rs. 42.07

(Figures in brackets represent losses)



Directors

17.7 (A) AGREEMENT WITH YES BANK:

The company has been acting as "Business Correspondent" (BC) of Yes Bank Ltd. since Financial year 2011-12, & providing its services for forming and nurturing of Self help groups, collection and evaluation of the loan applications from SHGs, getting release of loan from the Bank and collection of repayment from the SHGs. Funds from Yes Bank are secured by hypothecation of FDRs (FLDGs) of equal to 5% of funds from the Bank.

During the current year (i.e. F.Y. 2019-20) in month of February 2020, Yes Bank has revoked FLDGs (FDRFs) amounting to Rs. 186.00 lacs against overdue (more than 90 days) advances. Besides this, Yes Bank also withdrew its BC arrangements from 10 branches of the company and on its insistence, portfolio advances of around Rs. 2100.00 lacs has been transferred to Mardarshak Financial Services Ltd., against a consideration of Rs. 100.00 lacs.

(B) AGREEMENT WITH AROHAN FINANCIAL SERVICES PVT. LTD:

The company has been acting as "Business Correspondent" (BC) of Arohan Financial Services Ltd. since F.Y. 2017-18, for sourcing microcredit borrowers for Arohan. Funds from Arohan are secured by cash collateral up to 5% of limit, in shape of pledged FDRs and balance 10% by personal guarantee of promoters. Funding by Arohan is also secured by personal guarantee of promoters.

17.8 CONFIRMATION FROM YES BANK & AROHAN:

Various figures and balances related to Yes Bank Ltd. & Arohan Financial Services Ltd. (like total disbursement made, total repayment of principal and interest, Principal outstanding and overdues as on 31.03.2020 and balance of FLDGs are subject to confirmation of Lenders.

17.9 RELATED PARTY TRANSACTIONS:

Mr. Kumar Sambhav Tiwari (son of M.D of Company) being related person, was appointed as Chief Executive (MIS) of the company w.e.f. 01st October 2014 (now designated as Fund Raising Manager). Total salary and allowances of Rs 6,00,000/- has been paid to him during the current year. Considering his education & experience, his salary is considered as reasonable by the Management.

17.10 FIXED ASSETS:

Pursuant to the enactment of the Companies Act 2013 (the Act), the company has applied the estimated useful life as specified in Schedule II to the Act, Accordingly the unamortized carrying value is being depreciated/ amortized over the revised/ remaining useful life.



Signature

Arvind

20/03/20

17.11 AGEING ANALYSIS & PROVISION FOR LOSSES ON MICRO CREDIT ADVANCES:

17.11.1 PROVISION ON LOANS DISBURSED BY CO. THROUGH ITS OWN / BORROWED FUNDS:

As generated from the computer software being used by the company and authenticated by the management of the company following is the summary of ageing analysis and provision against losses in Micro Credit advances:-

Ageing Period	As at 31st March 2020				As at 31st March 2019			
	No. of Loans	O/S Balance	Rate	Provision	No. of Loans	O/S Balance	Rate	Provision
Current Loan (with no past dues)	2,560	5,36,95,837	1%	5,36,958	430	80,02,583	1%	80,026
0-30 days past due	0	0	10%	0	0	0	10%	0
31-60 days past due	0	0	15%	0	0	0	15%	0
61-90 days past dues	0	0	20%	0	0	0	20%	0
Total	2,560	5,36,95,837		5,36,958	430	80,02,583		80,026

17.11.2 ON LOANS DISBURSED BY CO. THROUGH YES BANK'S FUNDS (MANAGED PORTFOLIO):

Following is the summary of ageing analysis and provision against losses in Micro Credit advances disbursed out of Yes Bank's funds:-

Ageing Period	As at 31st March 2020				As at 31st March 2019			
	No. of Loans	O/S Balance	Rate	Provision	No. of Loans	O/S Balance	Rate	Provision
Current Loan (with no past dues)	3,845	7,66,61,546	1%	7,66,615	21,403	37,90,98,322	0%	0
0-30 days past due	5	25,805	5%	1,290	13	1,56,862	5%	7,843
31-60 days past due	7	66,456	10%	6,646	8	75,040	10%	7,504
61-90 days past due	1	31,729	15%	4,759	5	49,452	15%	7,418
91-180 days past due	2	17,359	20%	3,472	8	1,39,666	20%	27,933
181-365 days past due	0	0	25%	0	109	2,46,552	25%	61,638
>365 days past due	0	0	25%	0	2448	1,81,85,821	25%	45,46,455
Total	3,860	7,68,02,895		7,82,738	23,994	39,79,51,715		46,58,791



Signature

Signature

Signature

17.11.3 ON LOANS DISBURSED BY CO. THROUGH AROHAN'S FUNDS (MANAGED PORTFOLIO):

Following is the summary of ageing analysis and provision against losses in Micro Credit advances disbursed out of Arohan's funds:-

Ageing Period	As at 31st March 2020				As at 31st March 2019			
	No. of Loans	O/S Balance	Rate	Provision	No. of Loans	O/S Balance	Rate	Provision
Current Loan (with no past dues)	13,038	213,607,460	1%	21,36,075	0	0	0	0
0-30 days past due	5	1,07,674	5%	5,384	0	0	0	0
31-60 days past due	1	10,900	10%	1,090	0	0	0	0
61-90 days past due	0	0	15%	0	0	0	0	0
91-180 days past due	0	0	20%	0	0	0	0	0
181-365 days past due	0	0	25%	0	0	0	0	0
>365 days past due	0	0	25%	0	0	0	0	0
Total	13,044	213,726,034		21,42,549	0	0	0	0

Such provision has been considered sufficient and reasonable by the management of the company.

- 17.12 As per the Micro, Small Medium Enterprises Development Act, 2006 the entity is required to identify the Micro, Small and Medium suppliers and pay them interest on overdues beyond the specified period irrespective of the terms agreed with the suppliers. As informed by the directors, there is no such supplier / creditor as on date of Balance Sheet. Further, as informed no such interest was due to any supplier during the year and no such interest has been paid.

- 17.13 Estimated amount of contracts remaining to be executed on capital account, not provided for Rs. NIL.

- 17.14 Claims against the company not acknowledged as debts Rs. NIL.

- 17.15 Balances of various Sundry Creditors & other parties are subject to confirmation.

17.16 **CONTINGENT LIABILITIES:**

For loans disbursed by the YES Bank Ltd to the SHGs/ JLGs through the company: Rs. 38.40 lacs (to the extent of 5% of total outstanding of Rs 768.02 Lacs) as on 31.03.2020 (Total o/s is as per software of company).

For loans disbursed by Arohan to the SHGs through the company: Rs. 320.59 lacs (to the extent of 15% of total outstanding of Rs 2137.26 Lacs) as on 31.03.2020.

- 17.17 Previous year's figures have been regrouped / reclassified, wherever necessary.



[Signature] *[Signature]* *[Signature]*
Directors

DISHA INDIA MICRO CREDIT

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note no. 18: SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under the historical cost convention and assuming the principles of going concern. The statements have been prepared on mercantile system and all income and expenditure having a material bearing on the financial statements are recognized on accrual basis to the extent possible and ascertainable.

2. FIXED ASSETS:

Fixed assets taken over from the Society (Disha Social Organisation), during F.Y. 2008-09, are stated at book value of transfer. The assets acquired by the company are stated at cost of acquisition including expenses related to acquisition.

Fixed assets acquired out of Grant received from SIDBI, in previous years have been charged to Income & Expenditure account under expenditure against Grant head, in respective years. Since the assets are long term assets and property of the company, the same have also been included in Fixed Assets and Capital Reserve in Assets and Liabilities sides of Balance Sheet respectively, in year of receipt. During the F.Y. 2018- no asset has been acquired out of grant funds.

3. DEPRECIATION:

TANGIBLE ASSETS:

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Written Down Value (WDV) method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.

INTANGIBLE ASSETS:

Computer Software is being amortized over a period of 3 years.

Depreciation on assets acquired out of Grant received from SIDBI has not been charged to Income and Expenditure account. To provide for wear and tear and to arrive at fair value of the related assets, the depreciation is reduced from the value of assets and capital reserve in Balance Sheet.

3. CLASSIFICATION OF MICRO ADVANCES PORTFOLIO:

LOANS AGAINST OWN/ BORROWED FUNDS:

For loans against own/ borrowed funds, all micro credit advances with no over dues and those overdue up to 30 days are classified as Standard and those with overdue beyond 30 days and up to 90 days are classified as Substandard. Micro credit advances overdue beyond 91 days, if any, are treated as Bad debts and charged to Income and Expenditure a/c.



LOANS AGAINST MANAGED PORTFOLIO (THROUGH YES BANK & AROHAN):

For managed portfolio (through Yes Bank & Arohan) micro credit advances with no over dues and those overdue upto 30 days are classified as Standard and those with overdue beyond 30 days are classified as Sub standard. Details of Provisions in this regard are disclosed at note no. 17.12.

4. REVENUE RECOGNITION:


- a) Income from standard / performing Micro Credit advances to SHGs and JLGs is recognised on accrual basis.
- b) Income from non performing Micro Credit advances (including rescheduled accounts if any) is recognised only on receipt basis.

5. GRANTS:

- a) Grants are recognized in the financial statements only when the same are received by the company.
 - b) Grants received are shown as income of company and its utilization is shown as expenses in Income and Expenditure account.
6. Note nos. 01 to 18 are duly authenticated by the management of the company.

FOR M.K. GUPTA & ASSOCIATES

Chartered Accountants
Firm Registration no.: 001618C


(CA. Mahesh Kumar Gupta)
Proprietor
Membership no.: 070783

FOR DISHA INDIA MICRO CREDIT

  
(K.N. Tiwari) (Riyasat Ali) (Rehtu Lal)
Managing Directors
Director

PLACE: SULTANPUR CHILKANA

DATED: 19.12.2020

