

# AUDITORS' REPORT

UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED

For the Year 2017-18

By

***K. N. Jain & Co.***

Chartered Accountants

2, Lal Bazar Street, 2nd Floor,

R. No-204, 205 Kolkata - 700 001

Phone: 033 2231- 6502/03, Fax: 033 31-6504

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**Independent Auditor's Report****To the Members of****UTTRAYAN FINANACIAL SERVICES PRIVATE LIMITED****Report on the Financial Statements****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **UTTRAYAN FINANACIAL SERVICES PRIVATE LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

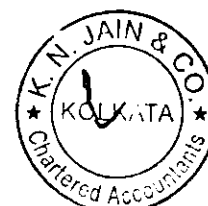
**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 there under. 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 the 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2018 and its profit and its cash flows for the year ended on that date.



**Report on Other Legal and Regulatory Requirements**

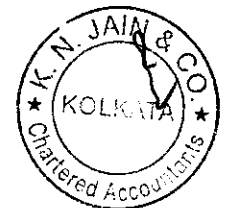
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 it 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 standalone 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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" to this report;
  - 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 has no pending litigations which would materially impact its financial position;
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company;

Date: 29<sup>th</sup> June, 2018  
Place: Kolkata

**For K. N. JAIN & Co.**  
Chartered Accountants  
Firm Reg. No- 319119E



CA Samya Sengupta  
**Partner**  
Membership No. 059027

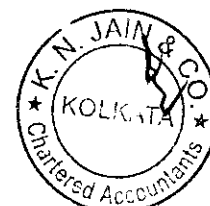


## **ANNEXTURE TO THE AUDITORS' REPORT**

The Annexure-A referred to in our report to the members of **UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED** ("the Company") for the year ended 31<sup>st</sup> March 2018. We report that:

1. Fixed Asset
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. As per the information and explanation given to us the Company has carried out physical verification of its assets. No material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The Company is a Non Banking Financial Company (Micro Finance) accordingly; it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company and hence not commented upon.
3. According to the information and explanations given to us the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provision of section 185 and 186 of the Act are applicable and hence not commented upon.
5. The Company has not accepted any deposits from the public.
6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the product/services of the Company
7.
  - a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, GST, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, GST, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
  - b) According to the records of the Company, there was no dues outstanding of Income-tax, sales-tax, service tax, GST, duty of custom, duty of excise, value added tax and cess or on the on account of any dispute.



8. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holder or government.
9. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or farther public offer, hence not committed upon.

Further, monies raised by the Company by way of term loans were applicable for purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

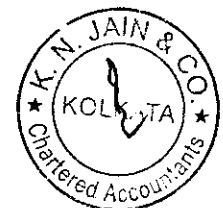
10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or on the Company by the executives and employees of the Company has been noticed or reported during the year.
11. According to the information explanations given by the management, the managerial remuneration has been paid and provide in accordance with the requisite approvals maintained by the provisions of section 197, read with Schedule V to the Act.
12. In our opinion the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
13. According to information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details have been disclosed in the notes to the financial statements as required by the applicable accounting standards.
14. According to the Information and explanations given to us and on an overall examination of the balance sheet the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company.
15. According to the Information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them.
16. According to the Information and explanations given to us, we report that the company has registered as required under section 45-IA of the Reserve Bank of India Act, 1934.

Date: 29<sup>th</sup> June, 2018  
Place: Kolkata

**For K.N. JAIN & Co.**  
Chartered Accountants  
Firm Reg. No- 319119E



CA Samya Sengupta  
**Partner**  
Membership No. 059027



The **Annexure- B** referred to in our report to the members of **UTTRAYAN FINANACIAL SERVICES PRIVATE LIMITED** ("the Company") for the year ended 31<sup>st</sup> March 2018. We 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 **Uttrayan Financial Services Private Limited** ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

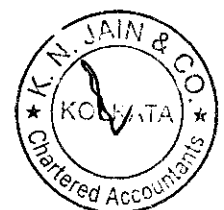
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **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 authorisations 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**

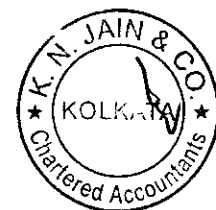
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Date: 29<sup>th</sup> June, 2018  
Place: Kolkata

**For K.N. JAIN & Co.**  
Chartered Accountants  
Firm Reg. No- 319119E



CA Samya Sengupta  
**Partner**  
Membership No. 059027



In Pursuance of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008, in terms of **Clause 3A & 3C** of Notification No. DNBS 201/DG(VL)-2008, Dated 18-09-2008, following matters are being reported for the Financial Year ending as on 31<sup>st</sup> March, 2018 in case of **Uttrayan Financial Services Private Limited** having its registered office at CF-32, Sector-1, Salt Lake, Kolkata – 700064:

**Matters to be Reported in terms of clause 3(A)**

- I. The Company is engaged in the business of Non-Banking financial Institution and has been granted registration to carry on business of Non Banking Financial Company as provided by Section 45 IA of the Reserve bank of India, 1934 (2 of 1934) in terms of certificate of registration granted by the Reserve Bank of India. Vide Certificate of Registration No. 05.00575 dated 3<sup>rd</sup> March 1998.
- II. The Company is authorised to continue to hold the COR issued by Reserve Bank of India to carry on the business of Non-Banking financial Institution in terms of its assets/ income pattern as March 31<sup>st</sup> 2018.
- III. The Company is not an Asset Finance Company (AFC) as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- IV. Based on the criteria set forth by the Bank in the Notification viz; Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011 dated December 02, 2011 for classification of NBFCs as NBFC-MFIs, the non-banking financial company has been correctly classified as NBFC-MFI as defined in the said Directions with reference to the business carried on by it during the applicable financial year.

**Matters to be Reported in terms of clause 3(C)**

- (i) The Board of Directors of the Company in its meeting held on 01.06.2009 has passed resolution to the effect that the Company shall not invite and accept any deposit from public as defined as 'Public Deposit' vide RBI notification no. DFC 114/DG (STP)-98 dated 2<sup>nd</sup> January 1998.
- (ii) As explained and information given to us, the Company has not accepted any Public Deposits during the year.
- (iii) As explained and information given to us, the Company has complied with the prudential norms related to income recognition, Accounting standards, Assets Classification and provisioning for bad & doubtful debts, wherever applicable in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- (iv) The Company is not an 'Systematically important non-deposit taking non-banking financial company' in terms of paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Date: 29<sup>th</sup> June, 2018

Place: Kolkata

For K. N. Jain & Co.  
Chartered Accountants



CA Samya Sengupta  
Partner  
M. No.059027  
FRN: 319119E





**UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED**

Reg. Off. CF-32, Sector 1, Salt Lake, Kolkata - 700064

CIN: U67120WB1995PTC071237 Email: info@uttrayan-mfi.com

**Balance Sheet as at 31st March, 2018**

Amount in (Rs.)

Particulars	Note No	As at 31st March, 2018	As at 31st March, 2017
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	66727500	54227500
(b) Reserves and Surplus	2	141178832	89675298
<b>(2) Share application money pending allotment</b>		-	20000000
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	665871620	297310592
(b) Deferred tax liability (net)		-	-
<b>(4) Current Liabilities</b>			
(a) Other current liabilities	4	925869101	564667763
(b) Short-term provisions	5	41826799	24851633
<b>Total</b>		<b>1841473853</b>	<b>1050732786</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
<i>(a) Fixed assets</i>			
(i) Tangible assets	6	8717807	8634581
(b) Deferred tax asset (net)		151429	118808
(3) Other non-current assets	7	190110024	126850890
<b>(2) Current assets</b>			
(a) Cash and cash equivalents	8	138059418	161193822
(b) Short-term loans and advances	9	1496906072	749891944
(c) Other current assets	10	7529104	4042741
<b>Total</b>		<b>1841473853</b>	<b>1050732786</b>

**Notes To The Balance Sheet enclosed**

As per our Report of even date

**For K.N. JAIN & Co.**

Chartered Accountants

Firm Registration No.319119E

CA Samya Sengupta

**Partner**

Membership No. 059027

Date: 29th June, 2018

Place: Kolkata

**On behalf of the Board**  
**For Uttrayan Financial Services Pvt. Ltd.**

Kartick Biswas

**Managing Director**

DIN: 02207249

Apu Dhar

**Director**

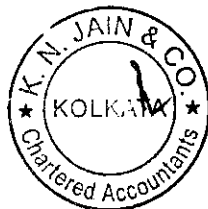
DIN: 01726461

Chandan Singhania

Chandan Singhania

**Company Secretary**

Membership No. A 48272



# UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED

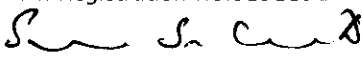
Reg. Off. CF-32, Sector 1, Salt Lake, Kolkata - 700064

CIN: U67120WB1995PTC071237 Email: info@uttrayan-mfi.com

## Statement of Profit and Loss for the year ending on 31st March, 2018

Amount in (Rs.)			
Particulars	Note No	As at 31st March, 2018	As at 31st March, 2017
I. Revenue from operations	11	356436106	202017614
II. Other Income	12	10626600	7088739
<b>III. Total Revenue (I + II)</b>		<b>367062706</b>	<b>209106353</b>
<b>IV. Expenses:</b>			
Employee benefit expense	13	52869134	45138891
Financial Expenses	14	166989825	80016396
Depreciation and amortization expense	6	2414707	2682076
Other expenses	15	45347334	34625261
Bad debt Written Off		14017436	2230783
Provision for Portfolio risk	5	7431209	3574369
<b>IV. Total Expenses:</b>		<b>289069645</b>	<b>168267776</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	77993061	40838577
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax	(V-VI)	77993061	40838577
VIII. Extraordinary Items			
(1) Prior period Adjustment for reversal of Service Tax Cenvat		-	114357
IX. Profit before tax	(VII-VIII)	<b>77993061</b>	<b>40724220</b>
X. Tax expense:			
(1) Current tax		22719927	14498648
(2) Deferred tax liability/(Asset)		(32621)	(235595)
XI. Profit(Loss) from the period from continuing operations	(VII-VIII)	<b>55305755</b>	<b>26461167</b>
XII. Profit/(Loss) from Discontinuing operations		-	-
XIII. Tax expense of discounting operations		-	-
XIV. Profit/(Loss) from Discontinuing operations	(XII-XIII)	-	-
XV. Profit/(Loss) for the period	(XI+XIV)	<b>55305755</b>	<b>26461167</b>
XVI. Earning per equity share:			
(1) Basic	17	16.29	8.49
(2) Diluted	17	16.29	8.49

### Notes To Profit and Loss Statement enclosed

As per our Report of even date  
**For K.N. JAIN & Co.**  
 Chartered Accountants  
 Firm Registration No.319119E  
  
 CA Samya Sengupta  
**Partner**  
 Membership No. 059027

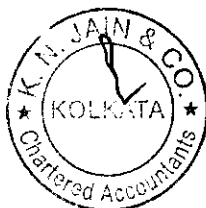
Date: 29th June, 2018  
 Place: Kolkata

**On behalf of the Board**  
**For Uttrayan Financial Services Pvt. Ltd**

  
 Kartick Biswas  
**Managing Director**  
 DIN: 02207249

  
 Apu Dhar  
**Director**  
 DIN: 01726461

  
 Chandan Singhania  
**Company Secretary**  
 Membership No. A 48272



## UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED

Reg. Off. CF-32, Sector 1, Salt Lake, Kolkata - 700064  
CIN: U67120WB1995PTC071237 Email: Info@uttrayan-mfi.com

### Cash Flow Statement For the year ended on 31st March, 2018

Amount in (Rs.)		
Particulars	As at 31st March, 2018	As at 31st March, 2017
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Tax	77993061	40724220
Payment Previous Year's Income Tax	-	(495822)
<b>Adjustment for Non Cash Expenditure:</b>		
Depreciation on Fixed Assets	2414707	2682076
Loan Loss Provision	7431209	3574369
Accrued Interest on Borrowing	3426410	2876950
<b>Adjustment for Non Cash Income</b>		
Accrued Interest on Loan	(3381363)	(1851682)
Accrued Interest on FDR	(5894514)	(2235908)
Commission Accrued on BC Loan	(249069)	768330
<b>Operating Profit before Working Capital Change</b>	<b>81740441</b>	<b>46042532</b>
<b>Adjustment for</b>		
(Increase)/ Decrease in Operating Assets		
Disbursements of Loan to Borrowers	(2617372192)	(1178933886)
Recovery of aforesaid Loans	1874251218	821498235
Other Advances/ Recoverable	(3749085)	(6799156)
Increase/ (Decrease) in Operating Liability	(21167577)	(3686650)
<b>Cash Flow Before Extraordinary Items</b>	<b>(768037636)</b>	<b>(367921458)</b>
<b>Net Cash Flow From Operating Activities (A)</b>	<b>(686297195)</b>	<b>(321878925)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(2497933)	(3916900)
Fixed Deposit (Pledged against Secured loan)	(57364619)	(39295535)
Fixed Deposit (In hand)		
<b>Net Cash Flow From Investing Activities (B)</b>	<b>(59862552)</b>	<b>(43212435)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Secured Loan taken during the period	1331080000	778000000
Repayment of Secured Loan	(608965961)	(317915735)
Unsecured Loan taken during the period	-	-
Repayment of Unsecured Loan	-	-
Proceeds from Issue of Share Capital	(7500000)	47350000
Increase/( Decrease) in Cash Credit Account	8411304	(6088109)
<b>Net Cash Flow From Financing Activities (C)</b>	<b>723025343</b>	<b>501346157</b>
<b>Net Increase or Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(23134404)</b>	<b>136254797</b>
Add: Opening Cash and Cash Equivalents	161193822	24939025
<b>Closing cash and cash equivalents as per Books</b>	<b>138059418</b>	<b>161193822</b>

As per our Report of even date

For **K.N. JAIN & Co.**

Chartered Accountants

Firm Registration No.319119E



CA Samya Sengupta

**Partner**

Membership No. 059027

Date: 29th June, 2018

Place: Kolkata

On behalf of the Board

For **Uttrayan Financial Services Pvt. Ltd**



Kartick Biswas

Apu Dhar

**Managing Director**

**Director**

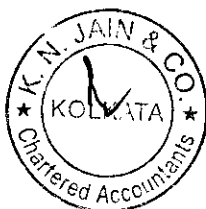
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*Chandan Singhania*  
Chandan Singhania

**Company Secretary**

Membership No. A 48272



# UTTRAYAN FINANCIAL SERVICES PRIVATE LIMITED

Reg. Off. CF-32, Sector 1, Salt Lake, Kolkata - 700064

CIN: U67120WB1995PTC071237 Email: info@uttrayan-mfi.com

## **GENERAL DISCLOSURES**

### **Basis of Preparation**

The Company follows mercantile system of accounting. The accounts are prepared on the historical cost basis, as a going concern and are consistent with applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable, except otherwise stated and stipulated in the directions issued by the Reserve Bank of India (RBI) for Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other directions from time to time.

### **Basis of 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 may differ from those estimates.

### **Fair Practice in lending**

The Company has followed Fair Practice in lending ( FPC ) as defined in the RBI Notification No. RBI/2011-12/470 DNBS.CC.PD.NO.266/03.10.01/11-12 dated March 26, 2012, RBI/2012-13/27 DNBS (PD) CC NO.286/03.10.042/12-13 dated July 2, 2012 and RBI/2014-15/43 DNBS (PD) CC NO.395/03.10.38/14-15 dated July 1, 2014 and No .DNBR(PD)CC.No047103.10,119 /2015-16 dated July 1, 2015 and as updated/modified from time to time.

### **KYC/AML Norms**

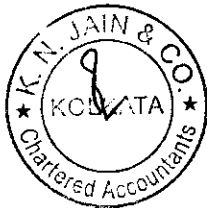
The Company has complied with the KYC/AML norms in terms of RBI Master Circular dated July 01, 2015 on "KYC Guidelines - AML Standards including the latest instructions circulated by RBI relating to Prevention of Money Laundering Act, 2002 - Obligation of NBFCs in terms of Rules notified there under [RBI/2008-09/120 DNBS (PD) CC 126/03.10.042 /2008-09 dated August 5, 2008 applicable to NBFCs and as updated/modified from time to time

### **Notes on Business Operations**

The Company provides livelihood promotion services mainly to the low-income rural, urban, semi-urban and peri-urban households, comprising of livelihood and other micro financial services to those population segments which are mostly un-reached by the formal banking systems with the principal purpose of promoting sustainable livelihoods. To increase its outreach the Company started providing micro loans through Banking Correspondence Model from February 2015, along with its own operations.

The Company is classified as NBFC-MFI in terms of RBI Circular No. RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03, 2012 and RBI (PD) CC.250 dated December 02, 2011.

The Company does not provide any savings services as it does not take any deposit.



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### Notes Annexed to and Forming Part of Balance Sheet

Amount in (Rs.)		
	As at 31st March, 2018	As at 31st March, 2017
<b>NOTE - 1</b>		
<b>SHARE CAPITAL</b>		
<u>Authorised Share Capital</u>		
50,00,000 Equity Share of Rs. 10/- each	100000000	100000000
50,00,000 Preference Share of Rs. 10/- each		
<u>Issued, Subscribed and Paid up :</u>		
3172750 Equity Shares of Rs. 10/- each fully paid up in cash (Previous Yr. 3172750 Eq. Shares of Rs.10/- each fully paid up)	31727500	31727500
9% Cumulative optionally Convertible Preference Share capital 3500000 shares of Rs.10/- each fully paid up (Previous Yr. 2250000 Shares of Rs.10/- each fully paid up)	35000000	22500000
	<b>66727500</b>	<b>54227500</b>

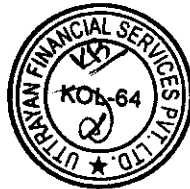
The company has not issued any Equity shares during the current financial year. During the current financial year the company has redeemed 750000 Cumulative Optionally Convertible Preference shares of Rs.10/-each to Small Industrial Development Bank of India (SIDBI) out of the earlier issue of 1500000 Preference shares of Rs.10/-each (issued in the year 2012-13).

Small Industrial Development bank of India (SIDBI) was investment of Rs.20000000 towards 2000000 Cumulative Optionally Convertible Preference shares of Rs.10/- each in the year 2016-17. The preference share allotment was pending as on 31.03.2017 and pending the allotment the said amount was taken into account as 'Share Application Money Pending Allotment'. The said Preference Shares were allotted to SIDBI on 13.04.2017.

#### Reconciliation of the number of Shares and amount outstanding at the beginning and at the end of the Reporting Period:

Particulars	Opening Balance	Fresh issue	Bonus	Buy back	Other changes (Redeemed)	Closing Balance
<b>Equity shares with voting rights of Rs.10/- each</b>						
<b>Year ended 31 March, 2018</b>						
Number of shares	3172750		-	-	-	3172750
Amount (Rs.)	31727500		-	-	-	31727500
<b>Year ended 31 March, 2017</b>						
Number of shares	3172750	-	-	-	-	3172750
Amount (Rs.)	31727500	-	-	-	-	31727500
<b>9% Optional Convertible Preference Share of Rs.10/- each</b>						
<b>Year ended 31 March, 2018</b>						
Number of shares	2250000	2000000	-	-	750000	3500000
Amount (Rs.)	22500000	20000000	-	-	7500000	35000000
<b>Year ended 31 March, 2017</b>						
Number of shares	3000000	-	-	-	750000	2250000
Amount (Rs.)	30000000	-	-	-	7500000	22500000

Details of Shareholders with Holding above 5% has been given as per Annexure-1 to the Note 1 of the Balance sheet



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**NOTE - 2****RESERVES AND SURPLUS**

Amount in (Rs.)

	As at 31st March, 2018	As at 31st March, 2017
<b>A. Profit and Loss Account</b>		
Profit as per last A/C	29891161	12256255
Add: Profit for the period	55305755	26461167
Add: Adjustment of last year income Tax	739322	-
	85936238	38717422
Less: Adjustment of last year income Tax	-	495822
Less: Adjustment for TDS and Provision of Earlier Years	180658	-
Less: Transfer to Statutory Reserve Fund U/s 45IC	11061151	5292233
Less: Proposed Dividend (Preference Share)	3619726	2524315
Less: Dividend Tax	741158	513891
<b>Net Surplus(A)</b>	<b>70333544</b>	<b>29891161</b>
<b>B. Statutory Reserve Fund (U/s 45IC of RBI Act, 1934)</b>		
Statutory Reserve as per last A/C	10006637	4714404
Add: Transfer during the year	11061151	5292233
<b>Total (B)</b>	<b>21067788</b>	<b>10006637</b>
<b>C. Share Premium Account</b>		
Share Premium as per last A/C	49777500	24377500
Add: Received during the year	-	25400000
<b>Total (C)</b>	<b>49777500</b>	<b>49777500</b>
<b>RESERVES &amp; SURPLUS (A+B+C)</b>	<b>141178832</b>	<b>89675298</b>

The company has declared dividend @9% for the year 2017-18 against 9% Cumulative Optional Convertible Preference Share Capital of SIDBI and created provision for dividend distribution tax at applicable rate.

An amount 20% of the net surplus (after adjustment for income tax liability) of the current year has been transferred to Statutory Reserve Fund (U/s 45IC of the RBI Act, 1934).

**Deferred Tax and Taxes on Income**

Taxes on income have been accounted for in accordance with the Accounting Standard 22 of the Institute of Chartered Accountants of India. Deferred tax liability and assets have been recognized subject to consideration of prudence and timing difference.

**Calculation of Deferred Tax Liability / (Assets)**

Depreciation as per Companies Act up to 31.03.18 (Rs)	Depreciation as per I.T. Act up to 31.03.18 (Rs)	Timing difference (Rs)	Rate of Tax	Deferred tax Liability/ (Assets) (Rs)
A	B	C=(A-B)	D	E=(CXD)
7348468	6858405	(490063)	30.90%	(151429)

Deferred Tax Asset as on 31.03.2018 is Rs.151429. Opening balance of Deferred Tax Assets was Rs.118808. An amount of Rs.32621 has been adjusted for the current year (Rs. Rs.151429 - Rs. 118808).



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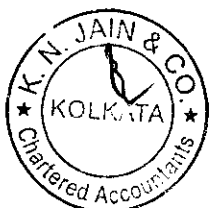
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**NOTE - 3**  
**LONG TERM BORROWINGS** Amount in (Rs.)

	As at 31st March, 2018	As at 31st March, 2017
<b>A. UNSECURED LOAN</b>		
Capital Fast Ltd. (Subordinate unsecured term loan(Tire-II Capital))	50000000	-
<b>Total-A</b>	50000000	-
<b>B. SECURED LOAN: TERM LOAN</b>		
Loan from SIDBI (Secured against Outstanding Portfolio)	21310000	1818200
Loan from IDBI (Secured against Outstanding Portfolio)	-	13750000
Loan from Maanaveeya Dev. & Finance Pvt. Ltd. (Secured against Outstanding Portfolio)	50060000	15000000
Loan from Union Bank (Secured against Outstanding Portfolio)	22931114	12216890
Loan from Bank of Baroda (Secured against Outstanding Portfolio)	4680000	11240000
Loan form MAS Financial Services Pvt. Ltd. (Secured against Outstanding Portfolio)	93749998	86805552
Loan from Bandhan Bank (Secured against Outstanding Portfolio)	58571427	41428573
Loan form Ananya Finance (Secured against Outstanding Portfolio)	-	6666662
Loan form Habitat Micro build (Secured against Outstanding Portfolio)	50708031	33482574
Lakshmi Vilas Bank (Secured against Outstanding Portfolio)	40832746	-
South India Bank (Secured against Outstanding Portfolio)	18000000	-
Yes Bank (Secured against Outstanding Portfolio)	59285720	-
Capital Fast Ltd. (Secured against Outstanding Portfolio)	29166665	-
Dhanlaxmi Bank (Secured against Outstanding Portfolio)	10759601	-
Mahindra & Mahindra (Secured against Outstanding Portfolio)	23592293	-
Avanse Financial services (Secured against Outstanding Portfolio)	31806991	-
Loan from UCO Bank (Secured against Outstanding Portfolio)	100417035	74902141
<b>Total-B</b>	<b>615871620</b>	<b>297310592</b>
<b>TOTAL LONG TERM BORROWINGS (A+B)</b>	<b>665871620</b>	<b>297310592</b>

**NOTE - 4**  
**OTHER CURRENT LIABILITIES** Amount in (Rs.)

	As at 31st March, 2018	As at 31st March, 2017
<b>A. CURRENT MATURITIES OF LONG-TERM DEBT</b>		
<i>(Instalments of Term Loans due within 12 months)</i>		
Loan form SIDBI	17838200	7272720
Loan from IDBI	-	22500000
Lakshmi Vilas Bank	8499996	-
Capital Fast Term Loan	16666668	-
South India Bank	12000000	-
Yes Bank	126785709	-
Dhanlaxmi Bank	9240000	-
Mahindra & Mahindra	24580408	-
Loan From UCO Bank	63278179	37267402
Loan form MAS Financial Services Pvt. Ltd.	193055552	166527784
Loan from Bandhan Bank	90000003	38571427
Loan from Maanaveeya Dev. & Finance Pvt. Ltd.	100370000	20000000
Loan from Union Bank	16595532	6672000
Loan form Ananya Finance	-	20000004
Loan from Bank of Baroda	6560000	6560000
Loan form Habitat Micro build	16136249	6517426
(All term loans are secured against Book Debts)		
<b>Total-A</b>	<b>701606496</b>	<b>331888763</b>



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<b>B. Short Term Loan</b> <b>(Instalments of Term Loans due within 12 months)</b>		
Loan from Reliance Capital	63657195	112599691
Loan from Ananya Finance	17777774	-
Loan from IDBI	15000000	-
Cash Credit from BGV Bank (Secured against Book Debts)	99428395	91017091
<b>Total-B</b>	<b>195863363</b>	<b>203616781</b>
<b>OTHER LIABILITIES</b>		
Interest Accrued on loan but not due	7728662	4302252
Audit Fees Payable	153000	195500
GST Payable	645246	-
SHG Insurance Premium Payable	2109891	344441
Service Tax Payable	-	1404833
Margin Money on Buy-Out Portfolio	-	1638589
TDS Payable	1053369	865079
Banking Correspondence Liability - Yes Bank	-	2138083
Banking Correspondence Liability - IDBI Bank	15601488	16740250
Insurance Settlement	334920	885313
Provident Fund	332962	304326
Employee State Insurance	238038	212135
Liability for Professional Tax	18130	89953
Other Liabilities	183537	41465
<b>Total-C</b>	<b>28399243</b>	<b>29162219</b>
<b>TOTAL OTHER CURRENT LIABILITIES (A+B+C)</b>	<b>925869101</b>	<b>564667763</b>

Banking Correspondence Liability with Yes Bank and IDBI Bank is on account of undisbursed Loan and repayment of Instalments.

**NOTE - 5**  
**PROVISION**

Amount in (Rs.)

	As at 31st March, 2018	As at 31st March, 2017
<b>SHORT-TERM PROVISIONS</b>		
Income Tax	22719927	14498648
Provision for Portfolio Risk Reserve	14745988	7314779
Dividend Payable on Preference Shares	3619726	2524315
Dividend Tax Payable	741158	513891
	<b>41826799</b>	<b>24851633</b>

Regarding dividend and dividend tax please see Note - 2

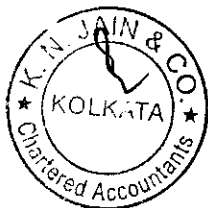
As per the guidelines of RBI, 'on the basis of age of portfolio' required provision was Rs.8562441 as on 31.03.2018, which is less than 1% of total outstanding portfolio; As such 1% of the total outstanding SHG loan portfolio has been provided.

**Provision for Portfolio Risk as per RBI Circular No. DNBS(PD)CC No-347/03.10.38/2013-14 dated 1st July, 2013.**

Particulars	No of accounts	Overdue Amount (Rs)	Loan Outstanding Balance (Rs)	Classification	Loan loss Reserve (%) as per RBI	Loans loss Reserves as per RBI (Rs.)
	(A)	(B)	(C)	(D)	(E)	(F)=(C)* (E)
Current loans	101955	-	1455980010	Standard	0%	-
<30 days past due	576	776493	5393428	Standard	0%	-
31-60 days past due	191	572290	1695207	Standard	0%	-
61-90 days past due	155	726887	1470971	Standard	0%	-
91-120 days past due	109	602247	1022577	Sub-Standard (Unsecured)	50%	511289
121-180 days past due	214	1458903	1970956	Sub-Standard (Unsecured)	50%	985478
181-365 days past due	883	6792887	7065674	Sub-Standard (Unsecured)	100%	7065674
>365 days	0	0	0	Doubtful 1 <sup>st</sup> year (unsecured)	100%	-
<b>Total</b>	<b>104083</b>	<b>10929707</b>	<b>1474598823</b>			<b>8562441</b>

Loans loss Reserves as per RBI (1% of loan outstanding)  
Less: Provision b/f as on 01.04.2017  
Additional Provision for 2017-18

14745988  
7314779  
7431209





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**NOTE-6  
FIXED ASSETS**

Fixed assets are stated at cost, net of depreciation. The cost of an asset comprises of its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

Depreciation is provided on the assets following W.D.V. method at the rates appropriate as per the Companies Act, 1956. In respect of addition of fixed assets, depreciation is provided at pro-rata basis from the date of acquisition/installation.

All assets of the Company are tangible fixed assets. During the current financial year fixed assets worth Rs.2497932.77 have been purchased. No asset has been disposed off during the year.

Details of fixed assets have been given in separate sheet as Annexure 2 to the Note-6 of the Balance Sheet.

<b>NOTE - 7 OTHER NON CURRENT ASSETS</b>		Amount in (Rs.)	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
<b>Non Current Investments (Pledged with Banks)</b>			
Investment in FDR	175780587	118415968	
Accrued Interest on FDR	14329437	8434922	
	<b>190110024</b>	<b>126850890</b>	

Present total of fixed deposits of the company of Rs.175780587 are pledged with different banks and financial institutions against various Term Loans/ Cash Credit availed from those banks and financial institutions. Accrued Interest on Fixed deposit has been taken into account. TDS amounting to Rs.1007199.10 has been deducted by banks during the current year.

**Cash flow statement**

The Cash Flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3.

Cash Flow Statement has been given in separate sheet along with the Balance Sheet.

<b>NOTE - 8 CASH AND CASH EQUIVALENTS</b>		Amount in (Rs.)	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
Balances with Bank	136109884	157810443	
Cash in hand (As certified by the management)	1949534	3383379	
	<b>138059418</b>	<b>161193822</b>	

<b>NOTE - 9 SHORT-TERM LOANS AND ADVANCES</b>		Amount in (Rs.)	
	<b>As at 31st March, 2018</b>	<b>As at 31st March, 2017</b>	
<b>A. LOAN PORTFOLIO (Micro Credit)</b>			
Balance as per last account	731477849	374042198	
Add: Loans disbursed during the year	2370090000	1162547996	
Add: Portfolio Purchased	247282192	16385890	
	<b>3348850041</b>	<b>1552976084</b>	
Less: Loan repayments	1860233782	819267453	
Less: Written off during the year	14017436	2230782.65	
<b>Total-A</b>	<b>1474598823</b>	<b>731477849</b>	
<b>B. OTHER LOANS AND ADVANCES</b>			
Advance Tax for A.Yr. 17-18	-	8300000	
Advance Tax for A.Yr. 18-19	13100000	-	
Advance to Others	225144	1019104	
T.D.S. Receivable	2474371	3013528	
Commission on BC loan Receivable	5663974	5414905	
Advance for Bi-Cycle	8500	6000	
Advance for Office rent	638275	648125	
Staff Advance	196985	12433	
<b>Total-B</b>	<b>22307249</b>	<b>18414095</b>	
<b>Total (A+B)</b>	<b>1496906072</b>	<b>749891944</b>	

