



**AUDITORS' REPORT TO THE MEMBERS OF  
BHARTIYA SAMRUDDHI FINANCE LIMITED**

1. We have audited the attached Balance Sheet of BHARTIYA SAMRUDDHI FINANCE LIMITED as at March 31, 2009, the Income and Expenditure account for the year ended on that date both annexed thereto and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion. On the basis of our audit we report that:
3. As required by the Companies (Auditors' Report) Order, 2003 and as amended, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we state in the annexure, a statement of matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred above we report that:
  - a) We have 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 accounts as required by the law have been kept by the Company, so far as appears from our examination of the books maintained at the Head office and all the branches of the Company visited by us and proper returns adequate for the purpose of audit have been received from branches not visited by us;
  - c) The Balance Sheet, the Income and Expenditure account and Cash Flow statement dealt with by this report are in agreement with the books of account;



- d) In our opinion, the Balance Sheet, the Income and Expenditure Account and Cash Flow statement comply with the accounting standards referred to in sub section 3(C) of section 211 of the Companies Act, 1956;
- e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009,
  - ii. In the case of Profit and Loss account, of the profit of the Company for the year ended on that date and
  - iii. In the case of Cash Flow Statement of the cash flows for the year ended as on March 31, 2009.
5. On the basis of the written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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**Date:** April 25, 2009.  
**Place:** Hyderabad

*for* **V. NAGARAJAN & Co.,**  
*Chartered Accountants*

**(V. NAGARAJAN)**  
*Partner*  
**M No.:** 019959



**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT  
OF EVEN DATE TO THE MEMBERS OF  
BHARTIYA SAMRUDDHI FINANCE LIMITED**  
[Pursuant to the Companies (Auditor's Report) Amendment Order, 2004]

[Referred to in Paragraph (3) of our report of even date]

The nature of the company's business/activities during the year is such the clauses (viii) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- i. In respect of its fixed assets:
  - a) The company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
  - b) Fixed assets have been physically verified by the management during the year and no material discrepancies were indentified on such verification
  - c) The company has disposed some of the fixed assets, which in our view is not substantial and does not affect its status of going concern.
- ii. The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of providing loans and does not maintain any inventory. Therefore the provisions of clause 4(ii) of the order are not applicable to the company.
- iii. The Company has not either granted/availed secured or unsecured loans to/from companies, firms or other parties listed in the registered require to be maintain under section 301 of the companies act, 1956.
- iv. The company has an exhaustive internal control system with measures to deal with large number of low value cash transactions in the rural areas where it is operating.
- v. There are no contracts and arrangements, which need to be entered into register maintain under section 301 of the act.
- vi. The Company has not accepted any deposits from the public.
- vii. The Company has an internal audit system commensurate with the size of the company and nature of its business for the purchase of fixed assets and the sale of services.



viii. In respect of its Statutory Dues:

- a) The company has generally been regular in depositing statutory dues with appropriate authorities. As on the last date of the financial year there are no dues outstanding for more than six months.
- b) According to the information and explanation given to us, details of dues of income tax which has not been deposited as on March 31, 2008 on account of any disputes are given below:

Particulars	Period to which the amount relates	Forum where matter is pending	Amount (Rs. '000s)
Income Tax	2003-04	Commissioner of Income Tax (Appeals)	783,428
	2004-05		2,402,694
	2005-06		3,774,442
<b>Total</b>			<b>6,960,564</b>

- ix. The Company does not have any accumulated losses at the end of the year. The company has not incurred any cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.
- x. The Company has availed loans from financial institutions and banks and there has been no default in respect of repayment of principal or interest.
- xi. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. The Company does not deal or trade in shares or debentures or other investments.
- xiii. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xiv. The Company had applied term loans for the purpose for which it has been raised
- xv. The Company was in the business of providing Micro Finance, which involves provision of short term loans up to a maximum period of 18 months in all cases. In few cases term loans are provided up to a period of 3 years. Most of the funds raised for these purposes or medium and long term and were rotated in the business until they become due for payment. The details of payments in respect of borrowings falling due within the next one year or reported in the financial statements.



V. NAGARAJAN & CO.,

*Chartered Accountants*

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- xvi. The company has not made preferential allotment of shares to Companies covered in the register maintained under section 301 of the companies act, 1956.
- xvii. The Company has not issued any debentures during the year
- xviii. The Company during the year has not raised any money through public issue of shares
- xix. *The Company has noticed frauds by employees and agents to the tune of Rs. 757,750 during the Financial Year 2008-09 which is mainly in nature of misappropriation of collections from customers, out of which the company has recovered Rs. 419,234*
- xx. Other clauses in the order are not applicable to the companies.

**Date:** 25<sup>th</sup> April, 2009.

**Place:** Hyderabad

*for* **V NAGARAJAN & CO.,**  
(Chartered Accountants)

**(V NAGARAJAN)**

*Partner*

**M No.:** 019959



**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN OUR REPORT  
OF EVEN DATE TO THE MEMBERS OF  
BHARTIYA SAMRUDDHI FINANCE LIMITED**

*[Pursuant to Non-Banking Finance Companies Auditor's report (Reserve Bank) Directions, 2008]*

We have audited the attached Balance Sheet of BHARTIYA SAMRUDDHI FINANCE LIMITED as at March 31, 2009 and the Income and Expenditure account for the year ended on that date annexed thereto and report that:

Further to our audit report of even date issued under Sec 227 (2) of the companies Act, 1956, as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 based on the information and explanations given to us and based on the records produced, we state below a statement of matters specified in paragraph 3 of the said Directions.

**1. IN THE CASE OF ALL NON-BANKING FINANCIAL COMPANIES  
(PARAGRAPH 3 OF THE ORDER):**

- a) The Company has obtained a certificate of registration as a Non-Banking Financial Company vide Certificate No.14.01502 dated August 19, 1999 pursuant to Sec 45IA of the Reserve Bank of India Act, 1934 (2 of 1934).
- b) The company is continuously under taking the business of Non-Banking financial institution during the financial year 2008-09, and the company is entitled to continue to hold such Certificate of Registration issued by Reserve Bank of India, in terms of its asset/income pattern as on March 31, 2009.
- c) Assets / Income pattern of the company based on audited financial statement as on March 31, 2009 is as follows;

S.No.	Particulars	Amount/%
1	Total Assets of the Company	5,680,844
2	Microfinance Loan Portfolio of the Company	3,743,297
3	Other Assets exclusively used for Microfinance activities	-
4	Other Assets exclusively used for business other than microfinance activities	-



5	Ratio of total assets to Assets attributable to microfinance activities of the company.	65.9%
4	Total Income of the Company	1,032,091
5	Income from Microfinance Activities	879,903
6	Income from temporary investment of Idle funds	7,956
7	Income from activities other than microfinance activities	144,232
8	Ratio of Total Income to Income from Microfinance Activities (excluding income from temporary investment of idle funds)	85.2%

- d) The company's predominant assets are only Loans (particularly for end-purpose use as micro finance loans) and income of the company is derived from these loans only and hence making the company eligible to be classified as a Loan Company.
2. IN THE CASE OF NON-BANKING FINANCIAL COMPANIES NOT ACCEPTING PUBLIC DEPOSITS (PARAGRAPH 3 OF THE ORDER)
- a) The Board of Directors has passed a resolution in the meeting held on April 26, 2008 for the non-acceptance of public deposits during financial year 2008-09.
- b) The Company has not accepted any public deposit during the year under review.
- c) The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, during the financial year ended on March 31, 2009.
- d) The Company has through a Board resolution identified the group and Subsidiary Companies.
- e) The capital adequacy ratio as disclosed in the return submitted to the Bank on dated June 30, 2008 in form NBS- 7 for the financial year ended on March 31, 2008 has following errors as mentioned below, though the corrected ratios mentioned below are within the minimum CRAR prescribed by the Bank;



<i>(Rs. In Lakhs)</i>			
<b>Items where discrepancy observed</b>	<b>Reported by Company</b>	<b>Corrected Figures</b>	<b>Minimum Prescribed</b>
Adjusted Value of Funded Risk Assets i.e. on Balance Sheet Items Item Code 181	18234.55	18296.40	-NA-
Percentage to Tier I Capital to Risk Weighted Assets	16.16%	16.10%	
Percentage to Tier II Capital to Risk Weighted Assets	0.34%	0%	
<b>Total</b>	<b>16.47%</b>	<b>16.10%</b>	<b>12%</b>

- f) The company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) for the financial year ended on March 31, 2008 on June 30, 2008 i.e. within the stipulated period of June 30, 2008.

**Date:** April 25, 2009.

**Place:** Hyderabad

for **V. NAGARAJAN & Co.,**  
Chartered Accountants

**(V. NAGARAJAN)**

Partner

M No.:019959

**BHARTIYA SAMRUDDHI FINANCE LIMITED**

Rupees in '000s

<b>BALANCE SHEET AS AT</b>	<b>Sch</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
<b>LIABILITIES</b>			
<b>SHAREHOLDERS FUNDS</b>			
Share Capital	2	267,090	216,000
Reserves and Surplus	3	406,139	83,627
		<b>673,230</b>	<b>299,627</b>
<b>LOAN FUNDS</b>			
Secured Loans	4	4,021,509	1,682,133
Unsecured Loans	5	24,527	28,894
		<b>4,046,035</b>	<b>1,711,027</b>
Deferred Tax Liability ( arising out of depreciation)		12,228	8,150
<b>TOTAL</b>		<b>4,731,493</b>	<b>2,018,804</b>
<b>ASSETS</b>			
<b>FIXED ASSETS (At cost less depreciation)</b>	6	98,846	66,283
<b>INVESTMENTS</b>	7	-	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Cash and Bank Balances	8	1,578,453	252,865
Loans to Rural Producers (Owned & Managed)		4,621,235	2,254,112
Less: Portfolio Assigned to Banks		877,938	270,731
Net Loans (Owned)	9	3,743,297	1,983,381
Interest Receivable on Loans		80,295	38,602
Advances Recoverable and other current assets	10	172,556	97,032
		<b>5,574,601</b>	<b>2,371,880</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Current Liabilities	11	810,778	349,130
Other Provisions	12	138,573	70,229
		<b>949,351</b>	<b>419,359</b>
<b>NET CURRENT ASSETS</b>		<b>4,625,250</b>	<b>1,952,521</b>
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)		7,397	-
<b>TOTAL</b>		<b>4,731,493</b>	<b>2,018,804</b>

**Significant Accounting Policies**

1

**Notes to Accounts**

II-(1-24)

As per our report of even date  
for **V.NAGARAJAN & CO.**,  
Chartered Accountants

 for **BHARTIYA SAMRUDDHI FINANCE LIMITED**

Hyderabad,  
April 25, 2009

**(V. NAGARAJAN)**
*Partner*

Membership No.19959

*Managing Director*
*Director*
*Company*
*Secretary*

# BHARTIYA SAMRUDDHI FINANCE LIMITED

Rupees in '000s

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD ENDED	Sch	31-Mar-09	31-Mar-08
<b>INCOME</b>			
Income from Operations	13	1,008,164	512,792
Income from Fixed Deposits with Banks	14	7,956	5,833
Other Income	15	15,971	3,881
Excess provision written back		-	713
<b>Total</b>		<b>1,032,091</b>	<b>523,219</b>
<b>EXPENDITURE</b>			
Interest on Borrowed Funds	16	316,815	132,977
Salaries, Allowances and Benefits to Staff	17-18	240,826	137,126
Remuneration to Managing Director	19	2,397	2,300
Financial Service Charges to LSAs/LPAs		106,464	49,148
Other Operating Expenses	20	197,474	117,544
<b>Non Cash Charge</b>			
Bad Debts Written Off	21	9,655	10,888
Provision for Doubtful Debts		1,024	-
Depreciation		11,103	5,989
Amortisation of Intangible Assets & Miscellaneous Expenditure		4,698	1,000
<b>Total</b>		<b>890,456</b>	<b>456,972</b>
<b>Profit Before Tax</b>		<b>141,635</b>	<b>66,247</b>
Provision for Tax	22	54,825	26,353
<b>Profit After Tax</b>		<b>86,810</b>	<b>39,894</b>
Prior Period Items			
- arising out of income tax liability for earlier years		10,082	-
Balance available for Appropriation		76,728	39,894
<b>APPROPRIATIONS:</b>			
Profit brought forward from last account brought down		120	140
Less: Statutory Reserve 20%		17,363	7,979
Less: Proposed Dividend including Dividend Tax		19,127	12,635
Transferred (from)/ to Portfolio Risk Reserve		17,650	1,300
Less: Transfer to General Reserve		22,500	18,000
<b>Balance carried over</b>		<b>209</b>	<b>120</b>

**Significant Accounting Policies**

1

**Notes to Accounts**

II-(1-24)

As per our report of even date  
for **V.NAGARAJAN & CO.,**  
Chartered Accountants

for **BHARTIYA SAMRUDDHI FINANCE LIMITED**

Hyderabad,  
April 25, 2009

**(V. NAGARAJAN)**

Partner

Membership No.19959

Managing Director

Director

Company  
Secretary

**BHARTIYA SAMRUDDHI FINANCE LIMITED**

Rs. In '000s

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
<b>Cash Flow From Operating Activities</b>		
Net Profit before taxes	141,635	66,247
<b>Adjustment for Non Cash Expenditure:</b>		
Bad Debts Written Off	9,655	10,888
Provision for Doubtful Debts	1,024	(713)
Depreciation On Fixed Assets	11,103	5,989
Amortisation of Intangible Assets/Miscellaneous Expenditure written off	1,000	1,000
Sundry Balances Written off	2,667	1,906
Loss on sale of assets	198	86
Misc Expenditure not written off	(7,397)	10
<i>Operating Profit before Working Capital Changes:</i>	<b>159,885</b>	<b>85,413</b>
<b>Adjustments for:</b>		
<b>(Increase)/Decrease in Operating Assets</b>		
Disbursement of loans to rural producers	(5,864,558)	(2,816,248)
Recovery of aforesaid loans	3,485,112	1,946,370
Portfolio Buy out to Banks	607,207	90,731
Interest Receivable on Loans to Borrowers	(41,694)	(15,127)
Other Advances/Recoverables	(24,845)	(11,444)
Increase / (Decrease) in Cash Security from Rural Producers	220,246	101,999
Increase / (Decrease) in Current Liabilities	241,402	17,407
Cash Used in Operations:	<b>(1,217,245)</b>	<b>(600,899)</b>
(i) Advance Tax Paid(including FBT paid)	<b>(50,678)</b>	<b>(25,881)</b>
<b>Net Cash Flow from Operating Activities (A)</b>	<b>(1,267,923)</b>	<b>(626,780)</b>
<b>Cash Flows from Investment Activities</b>		
Purchase of Fixed Assets	(45,013)	(34,942)
Sale proceeds of Fixed Assets	150	49
Sale proceeds of Investments	-	80
<b>Net cash flows from Investments Activities (B)</b>	<b>(44,863)</b>	<b>(34,813)</b>
<b>Cash Flows from Financing Activities</b>		
Increase in Share Capital	316,000	-
Increase/ (Decrease) in Secured Loans	2,339,376	665,550
Increase/ (Decrease) in Unsecured Loans	(4,367)	(10,681)
Payment of Dividend	(12,635)	(7,581)
<b>Net Cash Flows from Financing Activities (C)</b>	<b>2,638,373</b>	<b>647,288</b>
<b>Net increase or decrease in Cash or Cash equivalents (A)+ (B) + (C)</b>	<b>1,325,588</b>	<b>(14,305)</b>
<b>Add: Opening Cash and Cash equivalents</b>	<b>252,865</b>	<b>267,170</b>
<b>Closing Cash and Cash Equivalents as per the Books</b>	<b>1,578,453</b>	<b>252,865</b>

As per our report even date  
for **V. NAGARAJAN & Co.,**  
Chartered Accountants

Hyderabad,  
April 25, 2009

**(V. NAGARAJAN)**  
Partner  
Membership No.19959

for **BHARTIYA SAMRUDDHI FINANCE LIMITED**

Managing Director      Director      Company  
Secretary

# Bhartiya Samruddhi Finance Limited

## SCHEDULES TO THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

### I) Notes on Accounts

#### Significant Accounting Policies

##### 1.1 Basis of Preparation of Financial Statements

1.1.1 The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of Companies Act, 1956 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 Reserve Bank of India (RBI) for Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 from time to time.

##### 1.2 Revenue Recognition:

1.2.1 All incomes arising from various business segments, micro finance, micro insurance and agriculture and business development and institutional development services are recognized in accrual basis, unless otherwise stated, except on direct sales of insurance products. Income from direct sales of insurance products is accounted on cash basis.

1.2.2 Interest on loans are charged and accounted on diminishing balance method, and allied income, loan processing charges, are accounted on as per contracts with the borrowers. However, income on non-performing assets (NPA) is recognized only when realized and unrealized interest on Non Performing Assets (NPA), is reversed from the current interest, when an asset becomes an NPA

1.2.3 In respect of service contracts, income is recognized on the basis of proportionate completion of the contract with reference to the stage of performance and corresponding income.

1.2.4 Gain arising on direct assignments of assets is recognized over the tenure of agreements as per guidelines on securitization of standard assets issued by RBI and loss (if any) is recognized upfront.

##### 1.3 Fixed Assets and Depreciation:

1.3.1 These are stated at cost.

1.3.2 Depreciation is provided on the straight-line method at the following rates:

Category of Asset	Rate of depreciation
Buildings	1.63%
Furniture & Fixtures	6.33%
Professional Equipment	16.21%
Office Equipment	7.07%
Vehicles	9.50%

1.3.3 In respect of additions the depreciation is provided pro-rata from the date the assets are put into use.

1.3.4 No depreciation is provided on assets acquired through grants.

##### 1.4 Investments:

1.4.1 Classification of Investments: An asset is classified as Current if the investment tenure is less than 12 months and any investment beyond this period is classified as long term.

1.4.2 Valuation of Investments:

Type of investments	Method of valuation
Quoted Investments	At cost or market value which is lower
Unquoted investments	At cost or break up value which ever is lower
Mutual fund investments	Net Asset Value declared by the Fund
Unquoted Government securities or Government guaranteed bonds and commercial papers	At carrying cost

1.4.3 Accounting for Appreciation and depreciation on values: Depreciation (scrip wise) is fully provided and appreciation is ignored as matter of prudence, until realised.

# Bhartiya Samruddhi Finance Limited

1.4.4 Inter-class Transfer: Generally not done, if done, it happens only on April 1 or Oct 1, of the respective financial year.

## 1.5 Loans and Advances:

1.5.1 These are classified as standard assets, sub-standard assets, doubtful assets and loss assets in terms of the Non

Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007.

## 1.6 Provision for Loan Losses:

1.6.1 Provision for doubtful loans and advances have been made as per the norms stated in the above Directions by Reserve Bank of India, 2007, which are stated below:

Classification of Assets	Criteria for Classification	Minimum Provisioning required as per Directions
Standard Assets	The assets in respect of which, no default in repayment of principal or payment of interest is perceived	Nil
Sub Standard Assets	An asset which has been classified as non-performing asset (NPA) for a period not exceeding 18 months.	10% of the loan outstanding
Doubtful Debts	An asset which remained as sub standard asset for a period of 18 months after becoming NPA	100% of unsecured portion of the loan outstanding and an increasing % over a period of three years on secured portion
Loss Assets	As identified by the management, auditors and RBI at any point of time.	To be written off or provided at 100%

\* Non performing assets (NPA) are assets in respect of which interest has remained overdue for a period of six months or more

## 1.7 Loan Write-Off Policy:

1.7.1 All non Performing Loans, other than crop loans, with outstanding due for more than 365 days, are written off while other loans are written off after the management has exhausted all reasonable options for recovery of principal and interest on the loan. In case of crop loans the overdue outstanding is reckoned for a period over 730 days. Write offs are effected on March 31st every year. In order to facilitate quarter -wise comparison, written off amount, based on the above policy would be provided under loss assets.

## 1.8 Employee Benefits:

1.8.1 Provident Fund: Contribution is accounted on actual liability basis and paid to the government managed Employees' Provident Fund Organization.

1.8.2 Gratuity policy: Gratuity is being computed as per statutory norms on actuarial valuation basis and paid into a Trust created with under group gratuity scheme of Life Insurance Corporation of India. Since the company does not have access to adequate information about the plan to adopt the defined benefit accounting method, gratuity has been accounted under the defined contribution method.

## 1.9 Accounting for Taxes on Income:

1.9.1 Taxes on income have been accounted in accordance with Accounting Standard-22 of the ICAI. Deferred tax liability and asset are recognized subject to consideration of prudence and timing difference.

## 1.10 Foreign Exchange Transactions:

1.10.1 Foreign currency current assets and current liabilities outstanding at the Balance Sheet date are translated at the exchange rates prevailing on that date and the net gain or loss is recognized in the Income and Expenditure Account. All other currency gains and losses are recognized in the Income and Expenditure Account.

# Bhartiya Samruddhi Finance Limited

## 1.11 Intangible Assets:

1.11.1 The acquisition of copyrights, technical know-how and intellectual proprietary rights in the field of Micro finance and Livelihood Promotion has been accounted for as intangible assets. Valued at the cost of acquisition, these assets are amortized over a period of 10 years in equal installments, based on expected future economic benefits accruing to the Company.

## 1.12 Capital Issue Expenses

1.12.1 Expenses incurred in raising share capital are being amortised over a period of three years.

## II NOTES TO ACCOUNTS

### 1 BUSINESS OPERATIONS

The Company provides

*Livelihood promotion services* (to promote sustainable livelihoods) mainly to low-income rural households, comprising of Livelihood financial services, namely micro-credit and micro-insurance

*Agricultural and Business Development Services* to enhance productivity and income or reduce cost of production and mitigate risk to its customers. Local value addition and market linkages are also sought to be provided, through collaborators.

*Institutional Development Services* for rural producers institutions to build their capacity, establish information and management systems and build collaborations and undertake occasional sector and policy work.

*E-Governance services* to the masses, by setting up e-service kiosks, through Government Collaborations, incorporating the above and other additional services to the poor as per the Fair Practices Code adopted by the company, pursuant to Directions of Reserve Bank of India

Details of Loan Products and their terms offered by the company, as approved by the Board of Directors in terms of Directions by Reserve Bank of India are summarized below

SI. No.	Product	Interest Rate	Cash Security	Maximum Loan Size (In Rs)	Maximum Term
<b>FARM AND ALLIED LOANS</b>					
1	Samruddhi-Crop Loans(101)	21%	10%	25,000	11 Months
2	Samruddhi-Crop Loans(121)	21%	10%	25,000	18 Months
3	Samruddhi -Agri Investment Loans(102)	21%	10%	50,000+	36 Months
4	Samruddhi-Agri allied Loans(103)	24%	10%	50,000+	36 Months
5	Samruddhi- Agri Allied Non-Dairy(117)	24%	10%	50,000	24 Months
<b>NON FARM LOANS</b>					
6	Samruddhi-Micro Enterprises (NFS) Loans(104)	24%	10%	50,000	24 Months
7	Samruddhi-Growth Micro Enterprises (NFS) Loans(1	24%	10%	50,000+	36 Months
<b>LIVELIHOOD SUPPORT LOANS</b>					
8	Samruddhi-Livelihood support loans to Women JLGs	24%	-	5,000	18 Months
9	ROSCAS (Revolving Savings & Credit Associations)(110)	21%	10%	50,000+	24 Months
10	Samruddhi-Livelihood support loans to SHG(111)	15%	10%	-	24 Months
11	Federation of SHG, MACTS/ Producer Organization/ Producer Groups/ MACTS (115)	18%	-	-	36 Months
12	Vidya samruddhi(Educational loan-professional)(120)	18%	-	150,000	48 Months
	Vidya samruddhi(Educational loan-Vacational)(122)	18%	-	25,000	24 Months
13	Housing and Infrastructure Loans(113)	24%	-	25,000	36 Months
14	Gruha samruddhi(Housing loan)including Wastanlo	18%	-	150,000	60 Months
<b>OTHER LOANS</b>					
15	Vehicle Loan Employees/Lsa's(114)			40,000	36 Months
	Livelihood Service Provider(114)	15%	-	20,000	

# Based on CAMELS & Risk rating, interest rate will be decided by the loan committee

## Bhartiya Samruddhi Finance Limited

1.1.1 The company does not provide any savings services as it does not take any deposits from the public, except for security deposits from the borrowers.

1.1.2 The Company adopts Know Your Customer (KYC) norms as well as Fair Practices Code for Non Banking Financial (Non-Deposit Accepting or Holding) Companies issued by Reserve Bank of India from time to

### 2 SHARE CAPITAL:

#### 2.1 Shareholding Pattern:

2.1.1 The Company has an authorized capital of Rs. 600 million comprising of Equity Shares of 55 million of Rs 10 each and Preference Shares of 5 million of Rs 10 each. The current shareholding pattern is as follows.

		(Rs. '000)	
<b>SHARE CAPITAL:</b>		<b>31-Mar-09</b>	<b>31-Mar-08</b>
<b>Authorized:</b>			
<b>Equity Shares</b>			
55,000,000 Equity Shares of Rs 10 each		550,000	550,000
<b>Preference Shares</b>			
5,000,000 Preference Shares of Rs 10 each		50,000	50,000
<b>Total Authorised Capital</b>		<b>600,000</b>	<b>600,000</b>
<b>Issued Subscribed and Paid up:</b>			
26,709,036 Equity Shares of Rs10 each (Previous year 21,600,000 equity shares of Rs. 10 each)		267,090	216,000
Fully paid up			
<b>Total</b>		<b>267,090</b>	<b>216,000</b>

2.1.2 The Company has an issued and paid up Equity Shares of 26,709,036 of Rs 10 each

Sl. No.	Shareholder's Name	Nos	Amount in Rs 000s)	% Holding	Nos	Amount in Rs000s	% Holding
<b>Equity Shares of Rs 10 each</b>							
				March 31, 2009		March 31, 2008	
1	Bhartiya Samruddhi Investments and Consulting Services Ltd.	11,192,800	111,928	41.9%	11,190,500	111,905	51.8%
2	International Finance Corporation, Washington	4,700,000	47,000	17.6%	4,700,000	47,000	21.8%
3	Stichting Hivos - Triodos Fonds, Netherlands	2,350,000	23,500	8.8%	2,350,000	23,500	10.9%
4	Shorecap International Ltd	2,350,000	23,500	8.8%	2,350,000	23,500	10.9%
5	ICICI Bank Ltd.	1,000,000	10,000	3.7%	1,000,000	10,000	4.6%
6	Lok Capital LLC	821,818	8,218	3.1%	-	-	0.0%
7	Avishkaar Goodwill India Microfinance Development Company	821,818	8,218	3.1%	-	-	0.0%
8	SIDBI	2,465,400	24,654	9.2%	-	-	0.0%
9	Other Individuals	7,200	72	0.0%	9,500	95	0.0%
10	BSFL Employees Shareholding Trust	1,000,000	10,000	3.7%	-	-	0.0%
	<b>Total</b>	<b>26,709,036</b>	<b>267,090</b>	<b>100%</b>	<b>21,600,000</b>	<b>216,000</b>	<b>100%</b>

#### 2.2 Issue of share warrants for "Sweat Equity":

2.2.1 The owner of the warrants has opted for conversion of 1,000 warrants amounting to Rs 10 million in the form of equity shares and the same has been converted into equity.

2.2.2 Accordingly, as per the terms of allotment of warrants, the acquisition of copyrights, technical know how and intellectual proprietary rights in the field of Microfinance and Livelihood Promotion has been accounted for as intangible assets, for appropriate amortization over a period of 10 years time as per the accounting policy followed by the Company.

# Bhartiya Samruddhi Finance Limited

## 2.3 Employee Stock Option Plan:

2.3.1 An employee stock option trust was constituted on November 27, 2008 and 10,00,000 equity shares of Rs. 10 each were issued at a premium of Rs. 6 on January 23, 2009. The constitution of the trust and proposal to allot the shares to the trust was approved by members in the 12th AGM held on July 19, 2008. The company has advanced a sum of Rs. 16,00,000 to the trust to fund the scheme. The earlier proposal to issue share warrants to an employee stock option trust pursuant to resolution passed in the General meeting held on May 29, 2000 was not implemented.

## 2.4 Expenses pertaining to raising Equity Capital

2.4.1 The expenses incurred for raising the equity capital amounting to Rs.11.09 millions, will be amortised in three years and accordingly an amount of 3.7 million has been charged as an expense during the year.

## 3 RESERVES AND SURPLUS

3.1 In addition to the provision for doubtful debts as required under RBI Directions, the Company has established a Portfolio Risk Reserve (PRR) amounting to Rs 31.6 million as on March 31, 2009 (Rs 14 million on March 31, 2008).

	(Rs. '000)	
<b>RESERVES AND SURPLUS:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
a. Capital Reserve		
Opening Balance	1,926	1,926
	<b>1,926</b>	<b>1,926</b>
b. General Reserve		
Opening Balance	53,747	35,747
Add: Transferred during the year	22,500	18,000
	<b>76,247</b>	<b>53,747</b>
c. Portfolio Risk Reserve		
Opening Balance	14,002	12,702
Addition/ (Excess) provision transferred from P&L	17,650	1,300
	<b>31,652</b>	<b>14,002</b>
d. Statutory Reserve 20% as per NBFC Directions by Reserve Bank of India	13,832	5,853
Addition during the year	17,363	7,979
	<b>31,195</b>	<b>13,832</b>
e. Share Premium		
Opening Balance	-	-
Additions during the year	264,910	-
	<b>264,910</b>	-
e. Income and Expenditure Account	209	120
<b>Total</b>	<b>406,139</b>	<b>83,627</b>

## 3.2 Portfolio Risk Reserve:

	(Rs. '000)		
Provision for Doubtful Debts	As on 31.03.09	During the Year	up to 31.03.08
<b>(I) As per Company Policy</b>			
Portfolio at Risk (90 days)	35,091	18,658	16,433
<b>Total (I)</b>	<b>35,091</b>	<b>18,658</b>	<b>16,433</b>
<b>(II) Provision and Portfolio Risk Reserve (PRR):</b>			
Statutory requirement (RBI)	3,455	1,024	2,431
<b>(a) Total Provision as per financial statements</b>	<b>3,455</b>	<b>1,024</b>	<b>2,431</b>
Portfolio Risk Reserve > 90 days (as per Company Policy Rs 35091 less RBI norms Rs 3455)	31,636	17,634	14,002
<b>(b) Total PRR as per financial statements</b>	<b>31,636</b>	<b>17,634*</b>	<b>14,002</b>
<b>*Rounded off to</b>	<b>31,652</b>	<b>17,650</b>	<b>14,002</b>
<b>Total ((II) (a) + (b))</b>	<b>35,107</b>	<b>18,674</b>	<b>16,433</b>

# Bhartiya Samruddhi Finance Limited

## 4 SECURED LOANS:

Sl. No.	Name of Bank/Financial Institution	Amount availed as on March 31, 2009		Balance Outstanding as on		Moratorium	Repayment period	Type of security
		Date availed	Rupees	31-Mar-09	31-Mar-08			
1	CORDAID - I, Netherlands	21-Mar-00	20,000	-	3,500	18	90	A lien of financial assets, being the loan portfolio of Agriculture Allied loans stated as first class (without any repayment problems) with initial worth of Rs 600 Lakhs (being 150% of the loan).
2	Small Industries Development Bank of India - IV	10-Dec-04	20,000	-	4,287	3	42	A Charge in trust on assets created out of the said loan (viz: loans to Non Farm Sector) and pledge of fixed deposit receipts to the extent of 10% of the loan ie., 70 lakh
		11-Mar-05	50,000	-	10,716	3	42	
3	Small Industries Development Bank of India - V	22-Feb-06	50,000	10,715	25,000	3	42	A Charge in trust on assets created out of the said loan (viz: loans to Non Farm Sector) and pledge of fixed deposit receipts to the extent of 5% on 500 lakh 2.5% on 1500 lakh of the loan ie., 62.50 lakh
		29-Mar-06	50,000	10,715	25,000	3	42	
		30-Aug-06	50,000	10,715	25,000	3	42	
		27-Feb-07	50,000	12,501	29,167	3	42	
4	Small Industries Development Bank of India - VI	27-Mar-08	150,000	272222	150,000	3	29	Specific first charge created by hypothecating book debts pertaining to Non farm sector and pledge of fixed deposit receipts to the extent of 2.5% on 2500 lacs of the loan ie., 62.50 lacs and 2500 lacs of the loan ie., 250 lacs
		27-May-08	100,000		-	3	29	
		30-Jul-08	150,000		-	3	29	
		29-Sep-08	100,000	77,778	-	3	29	
5	Small Industries Development Bank of India- VII	26-Mar-09	1,500,000	500,000	-	3	57	Specific first charge created by hypothecating book debts pertaining to Non farm sector of the extent of 105% of loan outstanding and pledge of fixed deposit receipts to the extent of 5% on 5000 lacs of the loan ie., 250 lacs.
6	HDFC Bank - II	6-May-05	30,000	-	2,500	-	36	Specific first charge created by hypothecating book debts pertaining to Non Farm and Agri Allied Sector to the extent of 110% of Loan Outstanding
		14-Jun-05	20,000	-	1,667	-	36	
		20-Jun-05	20,000	-	1,667	-	36	
		23-Jun-05	17,500	-	1,458	-	36	
7	HDFC Bank - III	1-Nov-05	20,000	-	-	-	24	Specific first charge created by hypothecating book debts pertaining to Non Farm and Agri Allied Sector to the extent of 110% of Loan Outstanding
		22-Nov-05	20,000	-	-	-		
		24-Nov-05	20,000	-	-	-		
		23-Mar-06	40,000	-	13,333	-		

## Bhartiya Samruddhi Finance Limited

Sl. No.	Name of Bank/Financial Institution	Amount availed as on March 31, 2009		Balance Outstanding as on		Moratorium	Repayment period	Type of security
		Date availed	Rupees	31-Mar-09	31-Mar-08			
8	HDFC Bank-IV	27-Jul-06	50,000	8,333	25,000	-	36	Specific first charge created by hypothecating book debts to the extent of 110% of loan Outstanding
		11-Aug-06	20,000	3,333	10,000			
9	HDFC Bank - V	27-Jun-07	100,000	55,556	100,000	12	24	
		3-Jul-07	100,000	66,667	100,000			
		30-Oct-07	100,000	75,000	100,000			
10	HDFC Bank - VI	12-Jun-08	100,000	100,000	-	12	24	
		26-Jun-08	100,000	100,000	-	12	24	
		30-Jun-08	100,000	100,000	-	12	24	
		30-Aug-08	100,000	85,714	-	-	24	
		27-Nov-08	100,000	-	-	Prepaid		
		26-Feb-10	100,000	100,000	-	-	12	
11	AXIS Bank - II	30-Aug-05	20,000	-	6,111	6	36	
		25-Oct-05	15,000	-	4,583			
12	AXIS Bank - III	19-Jun-07	60,000	18,000	42,000	6	24	
13	AXIS Bank - IV	27-Aug-07	75,000	37,500	65,625	3	32	
		24-Sep-07	75,000	37,500	65,625			
		26-Oct-07	75,000	39,844	70,313			
		31-Dec-07	75,000	49,219	75,000			
14	Axis Bank - V	26-Aug-08	100,000	90,909	-	6	30	
		29-Aug-08	100,000	90,909	-			
		24-Sep-08	100,000	90,909	-			
		27-Sep-08	100,000	90,909	-			
		29-Oct-08	100,000	100,000	-			
15	IDBI Bank - II	31-May-08	200,000	160,000	-	3	30	
16	ABN Amro Bank - II	26-Jul-05	20,000	-	3,300	3	35	
		17-Aug-05	20,000	-	3,300			
		8-Sep-05	20,000	-	3,300			
		20-Sep-05	20,000	-	3,300			
		23-Sep-05	20,000	-	3,300			
		27-Sep-05	20,000	-	3,300			
		29-Dec-05	20,000	-	4,970			
17	ABN Amro Bank - III	14-Mar-06	20,000	-	6,640	-	36	
		26-Jun-06	40,000	3,260	16,620			
		28-Jun-06	20,000	1,630	8,310			
		27-Nov-06	20,000	4,970	11,650			
18	ABN Amro Bank - IV	29-Nov-06	40,000	9,940	23,300	3	35	
		28-Jul-07	40,000	19,960	33,320			
		24-Mar-09	300,000	150,000	-			-
20	ING Vysya Bank Ltd - I	26-Jul-05	20,000	-	3,300	-	36	
		8-Aug-05	20,000	-	3,300			
		25-Aug-05	20,000	-	3,300			
21	ING Vysya Bank Ltd - II	23-Mar-07	80,000	26,645	53,320	-	36	
22	ING Vysya Bank Ltd - III	29-Nov-07	200,000	116,667	183,333	-	36	

## Bhartiya Samruddhi Finance Limited

Sl. No.	Name of Bank/Financial Institution	Amount availed as on March 31, 2009		Balance Outstanding as on		Moratorium	Repayment period	Type of security
		Date availed	Rupees	31-Mar-09	31-Mar-08			
23	ICICI Bank - I	6-Jul-05	20,000	-	5,000	12	24	Specific first charge created by hypothecating book debts pertaining to Crop Loans to the extent of 110% of Loan Outstanding
		12-Jul-05	30,000	-	7,500			
24	ICICI Bank - II	28-Mar-09	400,000	400,000	-	-	24	Specific first charge created by hypothecating book debts to the extent of 100% of Loan Outstanding
25	Citi Bank - I	22-Jun-06	40,000	3,782	17,832	-	36	Specific first charge created by hypothecating book debts pertaining to Agri Allied loans to the extent of 110% of Loan Outstanding
26	Citi Bank - II	8-May-08	100,000	78,019	-	-	36	Specific first charge created by hypothecating book debts to the extent of 110% of loan Outstanding
		26-May-08	50,000	38,699	-			
27	Standard Chartered Bank-I	18-Jul-06	20,000	3,333	10,000	-	36	Specific first charge created by hypothecating book debts pertaining to Non Farm Sector in Maharashtra State to the extent of 110% of Loan Outstanding
		24-Jul-06	20,000	3,333	10,000			
		24-Aug-06	20,000	3,333	10,000			
		26-Oct-06	20,000	5,000	11,667			
		9-Nov-06	20,000	5,000	11,667			
28	Standard Chartered Bank-II	24-Jul-07	40,000	20,000	33,333	-	36	Specific first charge created by hypothecating book debts pertaining to Non Farm Sector to the extent of 110% of Loan Outstanding
		10-Aug-07	40,000	20,000	33,333			
		18-Sep-07	40,000	20,000	33,333			
		5-Oct-07	40,000	20,000	33,333			
		23-Oct-07	40,000	20,000	33,333			
29	Standard Chartered Bank - III	6-Jun-08	45,000	33,750	-	-	36	Specific first charge created by hypothecating book debts pertaining to Non Farm Sector to the extent of 110% of Loan Outstanding
		27-Jun-08	45,000	33,750	-			
		18-Jul-08	45,000	37,500	-			
		24-Jul-08	45,000	37,500	-			
		29-Jul-08	45,000	37,500	-			
		8-Aug-08	25,000	20,833	-			
30	Corporation Bank - I	18-Sep-06	100,000	49,996	83,332	12	36	Specific first charge created by hypothecating book debts pertaining to Crop & Agri Allied loans to the extent of 100% of loan Outstanding
31	Corporation Bank - II	20-Jun-08	200,000	200,000	-	12	36	
32	South Indian Bank	31-Dec-08	150,000	149,984	-	3	36	Specific first charge created by hypothecating book debts pertaining to Crop & Agri Allied loans to the extent of 110% of loan Outstanding

## Bhartiya Samruddhi Finance Limited

Sl. No.	Name of Bank/Financial Institution	Amount availed as on March 31, 2009		Balance Outstanding as on		Moratorium	Repayment period	Type of security
		Date availed	Rupees	31-Mar-09	31-Mar-08			
<b>Cash Credit Limits</b>								
33	AXIS Bank(CC Limit)	-	50,000	20,227	9,776	Open ended Short Term Working Capital Cash Credit Facility		A charge created by hypothecating book debts pertaining to a) General Purpose loans to SHGs; Individual; Individual S&C b)SHGs with Cash Security c) Federation of SHGs and MACTS and d)Housing Loans
34	ING Vysya Bank Ltd (CC Limit)	-	20,000	-	8,536			Specific first charge created by hypothecating book debts pertaining to Agri Allied to the extent of 110% of Loan Outstanding
35	HDFC Bank (CC Limit)	-	50,000	31,949	1,442			Specific first charge created by hypothecating book debts pertaining to Non Farm Sector and Agri Allied to the extent of 110% of Loan Outstanding
<b>Total</b>			7,262,500	4,021,509	1,682,133			
<p><i>Notes:</i> 1. All loans are Rupee denominated and carry no exchange risk. No payment is overdue as on March 31, 2009.</p> <p>2. For amounts becoming due within the next twelve months refer to the table on maturity buckets, (<i>infra</i>)</p>								

### 5 UNSECURED LOANS:

Sl. No.	Name of Bank/Financial Institution	Amount availed as on March 31, 2009		Balance Outstanding as on		Repayment period including moratorium Payable in
		Date availed	Rupees	31-Mar-09	31-Mar-08	
1	Development International Desjardins, Canada - I	3-Jan-01	12,329	10,788	12,329	Principal amount shall be repayable in eight semi-annual installments beginning on Mar 31, 2009
2	Development International Desjardins, Canada - II	5-Feb-02	13,739	13,739	13,739	Payable in eight semi-annual installments beginning on Sep 30, 2009
3	Housing Development Finance Corporation Limited-III	28-Apr-05	30,000	-	2,826	Repaid in twelve quarterly equated installments beginning from 01st August 2005.
<b>Total</b>			<b>56,068</b>	<b>24,527</b>	<b>28,894</b>	
<p><i>Notes:</i> 1. All loans are Rupee denominated and carry no exchange risk. No payment is overdue as on March 31, 2009.</p> <p>2. For amounts becoming due within the next twelve months refer to the table on maturity buckets, (<i>infra</i>)</p>						

# Bhartiya Samruddhi Finance Limited

Ageing details of term loan repayments and maturity buckets for repayments						
Sl. No.	Banks/ Financial Institutions	31-Mar-09	12 Months	24 Months	36 Months	> 3 Years
<b>SECURED LOANS:</b>						
1	HDFC Bank	694,603	441,032	220,238	33,333	-
2	AXIS Bank	645,699	312,318	233,381	100,000	-
3	Small Industries Development Bank of India	894,644	319,644	330,000	180,000	65,000
4	ING Vysya Bank Ltd	143,312	93,312	50,000	-	-
5	SC Bank	320,833	170,000	116,667	34,166	-
6	ABN Amro Bank	189,760	108,160	81,600	-	-
7	Corporation Bank	249,996	83,340	83,332	66,672	16,652
8	Citi Bank	120,500	51,841	54,296	14,363	-
9	ICICI Bank	400,000	150,000	200,000	50,000	-
10	IDBI Bank	160,000	80,000	80,000	-	-
11	South Indian Bank	149,984	37,484	50,000	62,500	-
12	Cash Credit Limits	52,176	52,176	-	-	-
<b>Total Secured Loans</b>		<b>4,021,509</b>	<b>1,899,308</b>	<b>1,499,514</b>	<b>541,034</b>	<b>81,652</b>
<b>UNSECURED LOANS:</b>						
13	Housing Development Finance Corporation	-	-	-	-	-
14	Development International Desjardins, Canada	24,527	6,517	6,517	6,517	4,976
<b>Total Unsecured Loans</b>		<b>24,527</b>	<b>6,517</b>	<b>6,517</b>	<b>6,517</b>	<b>4,976</b>
<b>Total Borrowings</b>		<b>4,046,035</b>	<b>1,905,825</b>	<b>1,506,031</b>	<b>547,551</b>	<b>86,628</b>
<b>Percentage to total borrowings outstanding</b>		<b>100%</b>	<b>47.1%</b>	<b>37.2%</b>	<b>13.5%</b>	<b>2.1%</b>

## 6 FIXED ASSETS:

(Rs. '000)										
Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.04.08	Additions during the year	Deletions during the year	As on 31.03.09	Accumulated Dep up to 01.04.08	Depreciation for the year	Accumulated Dep on the assets deleted	Accumulated Depreciation up to 31.03.09	As on 31.03.09	as on 31.03.08
Buildings	-	6,919	-	6,919	-	32	-	32	6,887	-
Furniture & fixtures	8,631	5,271	-	13,902	1,242	717	-	1,959	11,943	7,389
Professional Equipment	55,367	25,639	4,277	76,729	13,476	9,107	3,944	18,638	58,091	41,891
Office Equipment	13,793	7,181	17	20,958	1,793	1,247	2	3,038	17,920	12,000
Vehicles	-	-	-	-	-	-	-	-	-	-
100% Write Off Assets (with 1/- value)	3	3	-	6	-	-	-	-	6	3
<b>Sub Total</b>	<b>77,794</b>	<b>45,013</b>	<b>4,294</b>	<b>118,513</b>	<b>16,511</b>	<b>11,103</b>	<b>3,946</b>	<b>23,667</b>	<b>94,846</b>	<b>61,283</b>
Intangible Assets	10,000	-	-	10,000	5,000	1,000	-	6,000	4,000	5,000
<b>Total</b>	<b>87,794</b>	<b>45,013</b>	<b>4,294</b>	<b>128,513</b>	<b>21,511</b>	<b>12,103</b>	<b>3,946</b>	<b>29,667</b>	<b>98,846</b>	<b>66,283</b>
As on 31.03.2008	53,133	34,942	281	87,794	14,667	6,989	-	21,511	66,283	-

Notes: Depreciation has been provided on straight line method at the rates stated in Policy No.1.3.2 of Significant Accounting Policies.

## Bhartiya Samruddhi Finance Limited

<b>7 INVESTMENTS:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
NIL	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Rs. '000)

<b>8 CASH AND BANK BALANCES:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
Cash in hand	1,452	1,275
Balances with Scheduled Banks in:		
Current Accounts (including in transit)	254,455	130,802
Fixed Deposits		
Unencumbered	1,170,463	60,429
Pledged	152,082	60,359
<b>Total</b>	<b>1,578,453</b>	<b>252,865</b>

(Rs. '000)

<b>8.1 Details of Fixed Deposits</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
<b>a) Unencumbered</b>	1,170,463	60,429
<b>b) Pledged</b>		
i) Cash Collateral against secured loans	62,500	32,961
ii) Cash Collateral against assigned loans	80,860	19,248
iii) Margin money against bank Gaurantee	8,722	8,150
<b>Total Pledged</b>	152,082	60,359
<b>Total</b>	<b>1,322,545</b>	<b>120,788</b>

<b>9 LOANS TO RURAL PRODUCERS:</b>	<b>31-Mar-09</b>	<b>%</b>	<b>31-Mar-08</b>	<b>%</b>
Agri Short Term	318,213	8.5%	137,540	6.9%
Agri Long Term	80,430	2.1%	39,130	2.0%
Agri Allied	901,458	24.1%	571,062	28.8%
Nonfarm-Micro Enterprises	2,084,319	55.7%	1,024,287	51.6%
Gen. Purpose - Women JLG's	104,290	2.8%	106,508	5.4%
SHGs and Federation of SHGs / MACTS Loans	52,544	1.4%	34,754	1.8%
House Repairs & Extensions	92,221	2.5%	47,447	2.4%
Vehicle Loans to LSA/ Employees	6,679	0.2%	3,695	0.2%
Vidya Samruddhi	2,260	0.1%	199	0.0%
Urban Portfolio	100,882	2.7%	18,759	0.9%
<b>Total</b>	<b>3,743,297</b>	<b>100.0%</b>	<b>1,983,381</b>	<b>100.0%</b>

\* Secured to the extent of Rs 516,995 (Previous year: Rs.296,749)(Rs. in '000)

9.1 Other than the vehicle loans to Livelihood Service Advisors and Employees, for the purposes of discharge of their duties, no other loans are provided to employees, Directors and other individuals.

9.2 In the opinion of the Board of Directors, all the other loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the account.

9.3 Asset Classification: The loan portfolio has been classified as per the norms prescribed for classification by the Reserve Bank of India through Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. The necessary provisions as per RBI norms have been made. The details are shown below:

## Bhartiya Samruddhi Finance Limited

Asset Classification	Loan Outstanding ( Without provisioning)						Provision (Rs. '000)		
	As on 31.03.09			As on 31.03.08			Up to 31.03.09	During the Year	Up to 31.03.08
Assets	A/cs	Amount	%	A/cs	Amount	%	Amount	Amount	Amount
Standard	571,277	4,601,250	99.6%	303,413	2,244,410	99.6%	-	-	-
Sub-Standard	3,016	18,362	0.4%	2,007	8,078	0.4%	1,836	1,028	808
Doubtful	14	1,624	0.0%	6	1,623	0.1%	1,619	(4)	1,623
<b>Sub-Total</b>	<b>574,307</b>	<b>4,621,235</b>	<b>100%</b>	<b>305,426</b>	<b>2,254,111</b>	<b>100%</b>	<b>3,455</b>	<b>1,024</b>	<b>2,431</b>
Loss Assets	-	-	0.0%	-	-	0.0%	-	-	-
<b>Total</b>	<b>574,307</b>	<b>4,621,235</b>		<b>305,426</b>	<b>2,254,111</b>		<b>3,455</b>	<b>1,024</b>	<b>2,431</b>
Assigned Portfolio #	104,880	877,938		35,204	270,731				
<b>Net Portfolio</b>	<b>469,427</b>	<b>3,743,297</b>		<b>270,222</b>	<b>1,983,380</b>				

### 9.4 Details of assigned Portfolio and income arising out of the same.

9.4.1 Cash security collected from borrowers, in respect to assigned loans to the extent of Rs. 10.21 crores is included under the head "Dues to banks"

(Rs. '000)

	2008-09	2007-08
<b>A) Assignment of principal</b>		
Total book value of the asset assigned	877,938	286,424
Sale consideration received for the loan asset assigned	877,938	286,424
Income from the asset assignment recognised in the Profit and Loss Account	35,118	20,683
<b>B) Total buyouts</b>		
Total book value of asset assigned	320,359	-
Sale consideration Received	344,430	-
Income from the asset assignment recognised in the Profit and Loss Account	3,073	-

### 9.5 Contingent liability:

The contingent liability on account of portfolio assigned to banks is Rs.83.8 million and on account of bank gaurantees is Rs. 8.5 million

Particulars	(Rs. '000)
DCB	22500
HDFC	51225
Citi Bank	2924
ICICI	7135
<b>TOTAL</b>	<b>83784</b>
B) Bank Gaurantee	8547
<b>TOTAL</b>	<b>92331</b>

### 9.6 Portfolio quality, at risk:

(Rs. '000)

Period of payment delayed	%	Amount	%	Amount
	31-Mar-09		31-Mar-08	
Current	98.4%	4,545,733	98.3%	1,949,727
1-30 days late	0.4%	17,506	0.3%	6,528
31-60 days late	0.3%	15,043	0.4%	7,005
61-90 days late	0.2%	7,861	0.2%	3,688
91-180 days late	0.3%	16,036	0.3%	6,796
More than 180 days late	0.4%	19,056	0.5%	9,637
<b>Total</b>	<b>100%</b>	<b>4,621,235</b>	<b>100%</b>	<b>1,983,381</b>

# Bhartiya Samruddhi Finance Limited

## 9.7 On-Time repayment rate (OTRR):

(Rs. '000)

Particulars	31-Mar-09	31-Mar-08
1st quarter	99.1%	98.7%
2nd quarter	99.0%	98.7%
3rd quarter	98.9%	98.7%
4th quarter	99.2%	99.2%

OTRR is computed as follows:

$$\text{OTRR} = \frac{(\text{Recovery} - \text{Prepayment})}{\text{Demand}} \times 100$$

Where,

OTRR is the On-time Repayment rate

Demand = Due (amount due as per repayment schedule) + Over Due Amount

(Rs. '000)

10 ADVANCES RECOVERABLE:	31-Mar-09	31-Mar-08
<i>(Unsecured - Considered Good)</i>		
Advances and other amounts recoverable in cash or kind or value to be received		
Advance Income Tax	107,078	56,399
Advance for Expenses	2,660	8,234
Premium & Service Charges Receivable	43,153	20,238
Other Recoverable	3,754	3,754
Prepaid Expenses	6,842	3,884
Rent and Telephone Deposits	2,380	1,547
Interest accrued on Fixed Deposits	4,946	2,976
Due from company under same management		-
Bhartiya Samrudhi Investments and Consulting Services Limited	1,743	
<b>Total</b>	<b>172,556</b>	<b>97,032</b>

(Rs. '000)

11 CURRENT LIABILITIES:	31-Mar-09	31-Mar-08
Cash Security from Borrowers*	516,995	296,749
Sundry Creditors	27,673	30,702
Liability to Banks on account of recovery made against assigned loans	209,492	
Ag/BDS Service charges collected in advance	37,233	12,326
Interest Accrued but not due on Loans	7,885	4,264
Statutory Liabilities	11,501	5,089
<b>Total</b>	<b>810,778</b>	<b>349,130</b>

\*The company collects 10% of the total loan disbursed every time and hold as security against possible defaults. No interest is paid on the same, but fully refunded at the time of repayment of the loans and accruing interest thereupon.

(Rs. '000)

12 OTHER PROVISIONS:	31-Mar-09	31-Mar-08
Provision for Taxation	112,238	51,408
Proposed Dividend including Dividend Tax	19,127	12,635
Provision for Doubtful Debts	3,455	2,431
Provision for Doubtful Advances	3,754	3,754
<b>Total</b>	<b>138,573</b>	<b>70,229</b>

# Bhartiya Samruddhi Finance Limited

(Rs. '000)

13 INCOME FROM OPERATIONS:	31-Mar-09	31-Mar-08
<b>a. Income from Loans to Rural Producers</b>		
Interest on Loans to Rural Producers	693,128	369,785
Loan Processing Fees and Other Service Charges	148,137	61,110
Recovery of debts written off in earlier years	446	1,159
Gain on Portfolio Assigned To Banks	38,191	20,683
<b>b. Income from Insurance Distribution</b>		
Income from Insurance Distribution	57,246	30,858
Income from Insurance Direct Distribution	8,812	3,454
<b>c. Income from Agricultural &amp; Business Development Services</b>	53,121	21,839
<b>d. Income from Institutional Development Services</b>	4,162	390
<b>e. Consulting Services</b>	4,921	3,514
<b>Total</b>	<b>1,008,164</b>	<b>512,792</b>

(Rs. '000)

14 INCOME FROM FIXED DEPOSITS:	31-Mar-09	31-Mar-08
Interest (TDS Rs 15,78,138 (Previous Year Rs 12,69,372))	7,956	5,833
<b>Total</b>	<b>7,956</b>	<b>5,833</b>

(Rs. '000)

15 OTHER INCOME:	31-Mar-09	31-Mar-08
Other Income	15,971	3,881
<b>Total</b>	<b>15,971</b>	<b>3,881</b>

(Rs. '000)

16 INTEREST AND OTHER CHARGES ON BORROWED FUNDS:	31-Mar-09	31-Mar-08
Interest and Other charges on		
- Secured Loans	315,229	130,692
- Unsecured Loans	1,586	2,285
<b>Total</b>	<b>316,815</b>	<b>132,977</b>

## 16.1 Average Cost of Borrowings on Secured Loans: (Rs.in '000s)

(Rs.in '000s)

Particulars	31-Mar-09	31-Mar-08
Average Borrowings	2,851,821	1,349,359
Interest on borrowed funds	315,229	130,692
Average Cost of funds	11.1%	9.7%

## 16.2 Average Cost of Borrowings on Unsecured Loans:

(Rs.in '000s)

Particulars	31-Mar-09	31-Mar-08
Average Borrowings	26,710	34,234
Interest on borrowed funds	1,586	2,285
Average Cost of funds	5.9%	6.7%

(Rs. '000)

17 SALARIES, ALLOWANCES AND BENEFITS TO STAFF:	31-Mar-09	31-Mar-08
Salaries, Allowances and other Benefits	219,355	122,440
Contributions to Provident and Other Funds	9,969	5,972
Training and Staff Expenses	11,502	8,714
<b>Total</b>	<b>240,826</b>	<b>137,126</b>

# Bhartiya Samruddhi Finance Limited

## 18 Gratuity computation:

### Profit and Loss account

#### Net employees benefit Expenses

Particulars	31-Mar-09	31-Mar-08
	(Rs. '000)	
Current Service Cost	952,381	
Interest cost on benefit obligation	187,684	
Expected return on plan assets	(332,171)	
Net actuarial( gain) / loss recognized in the year	1,672,339	
Past service cost		
<b>Net employee benefit expense</b>	<b>2,480,233</b>	
<b>Actual return on plan assets</b>	<b>332,171</b>	

### Balance Sheet: Details of provision for gratuity

Particulars	31-Mar-09	31-Mar-08
	(Rs. '000)	(Rs. '000)
Defined benefit obligation	4,683,147	2,346,056
Fair value of plan assets	6,672,530	3,813,121
Less: Unrecognized past service cost		-
<b>Plan( liability) / surplus</b>	<b>1,989,383</b>	<b>1,467,065</b>

### Changes in Present value of the defined benefit obligation are as follows

Particulars	31-Mar-09	31-Mar-08
	(Rs. '000)	(Rs. '000)
Opening defined benefit obligation	2,346,056	
Interest cost	187,684	
Current service cost	952,381	
Benefits paid	(475,313)	
Actuarial (gains) / losses on obligation	1,672,339	
<b>Closing defined benefit obligation</b>	<b>4,683,147</b>	<b>2,346,056</b>

### Changes in fair value of the plan assets are as follows

Particulars	31-Mar-09	31-Mar-08
	(Rs. '000)	(Rs. '000)
Opening fair value of plan assets	3,813,121	
Expected return	332,171	
Contributions by employer	3,002,551	
Benefits paid	475,313	
Actuarial gains / (losses)	-	

The Company has contributed Rs.3,265,616/-to gratuity in 2008-09.The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled

# Bhartiya Samruddhi Finance Limited

The major categories of plan assets as a percentage of fair value of total plan assets are as follows

Particulars	31-Mar-09	31-Mar-08
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:-

Particulars	31-Mar-09	31-Mar-08
Discount Rate	8%	8%
Expected Rate of Return on Assets	8.7%	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

Amounts for current and previous period are as follows are as follows

Particulars	31-Mar-09	31-Mar-08
	(Rs. '000)	(Rs. '000)
Defined Benefit obligations	4,683,147	
Fair value of plan assets	6,672,530	
Surplus/Deficit	1,989,383	

There is a plan surplus of Rs. 19.89 million as on 31.03.09 of which Rs. 1.6 million has been recognised as an asset.

		(Rs. '000)	
19 REMUNERATION TO MANAGING DIRECTOR:		31-Mar-09	
Managing Director Remuneration		2,397	2,300
<b>Total</b>		<b>2,397</b>	<b>2,300</b>

## 19.1 Total Remuneration includes:

		(Rs. '000)	
Sl.No.	Account Head	31-Mar-09	31-Mar-08
(i)	Salary & Allowances	735	2,192
(ii)	Contribution to Provident and Other funds	84	108
(iii)	Seperation pay	1,578	
	<b>Total</b>	<b>2,397</b>	<b>2,300</b>

## 19.2 Net profit computed as per section 198, 349 & 350 of the Companies Act, 1956 for calculation of remuneration payable to Director as on March31,2009

		(Rs. '000)	
Sl.No.	Particulars	Amount	Amount
(i)	Profit before Tax		141,635
	Add:		
	a) Managerial Remuneration + Directors' Fees	2,397	
	b) Provision for doubtful debts	1,024	
	c) depreciation provided for the year ended March31, 2009 as per the rates of depreciation provided in Schedule XIV of the Companies Act, 1956.	11,103	
			14,523
	<b>Total</b>		<b>156,158</b>
(ii)	Less		
	depreciation provided for the year ended March31, 2009 as per the rates of depreciation provided in Schedule XIV of the Companies Act, 1956.	11,103	11,103
(iii)	Net Profit (i) - (ii)		145,055
	<b>5 % of Net Profit</b>		<b>7,253</b>

## Bhartiya Samruddhi Finance Limited

	(Rs. '000)	
<b>20 OTHER OPERATING EXPENSES:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
Technical Assistance and Support Services	4,601	2,591
Travel and Conveyance		
- Directors	1,455	1,326
- Staff, Advisors and Others	70,302	42,633
Professional Charges	16,377	6,971
Software Development Charges	2,661	2,753
Office Maintenance	14,532	8,490
Printing and Stationery	20,537	9,771
Rent, Rates and Taxes	18,212	9,296
Filing fee to ROC ( fee for increase in Authorised Capital)	-	1,961
Postage and Telecommunications	14,187	8,587
Bank Charges	15,630	9,956
Administrative Expenses	6,634	4,405
Auditors' Remuneration and Expenses	2,895	3,017
Insurance Expenses	3,834	1,975
Internal Audit Fees	2,537	1,690
Sundry Balances Written Off	2,667	1,906
Legal Charges	216	120
Loss on Sale of Investments/Assets	198	96
<b>Total</b>	<b>197,474</b>	<b>117,544</b>
		(Rs. '000)
<b>21 BAD DEBTS WRITTEN OFF:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
Bad Debts Written Off	9,655	10,888
<b>Total</b>	<b>9,655</b>	<b>10,888</b>

21.1 In the opinion of the Board of Directors the following loans are unrecoverable and the Company has exhausted all reasonable options for the recovery.

Particulars	During the year 31.03.2009			During the year 31.03.2008		
	No of A/cs	Amount	%	No of A/cs	Amount	%
		Rs in '000s		-	Rs in '000s	
Loans overdue below 365 days	-	-		-	-	0.0%
Loans overdue above 365 days and below 730 days	2,793	8,273	85.7%	2,544	8,801	80.8%
Loans overdue above 730 days	180	1,382	14.3%	191	2,086	19.2%
<b>Total</b>	<b>2,973</b>	<b>9,655</b>	<b>100%</b>	<b>2,735</b>	<b>10,887</b>	<b>100%</b>

21.2 During the year an amount of Rs446 (Previous year Rs 1,159 ) has been recovered in respect of the loans written off in earlier years.(Amt in '000s)

	(Rs. '000)	
<b>22 PROVISION FOR TAXES:</b>	<b>31-Mar-09</b>	<b>31-Mar-08</b>
Tax on Income	45,500	19,883
Deferred Tax	4,078	3,344
Fringe Benefit Tax	5,247	3,126
<b>Total</b>	<b>54,825</b>	<b>26,353</b>

### 22.1 PROVISION FOR INCOME TAX LIABILITY (PRIOR YEARS):

The Company has provided for a liability on account of demands raised by the income tax department to the extent of Rs 10.08 million in respect of earlier years.

## 23 SUPPLEMENTARY INFORMATION:

### 23.1 Interest on loans to rural producers:

23.1.1 This is net of interest derecognized as per Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, of Rs 1,615 during the current year ( Rs.1,536 as on 31st March 2008).(Rs. In '000s)

# Bhartiya Samruddhi Finance Limited

## 23.2 Debts due from other companies under the same management

23.2.1 Amount due from Basics Limited is Rs.17,42.875

## 23.3 Auditors' remuneration:

This includes:

(Rs. '000)

Particulars	31-Mar-09	31-Mar-08
a) Audit Fees	2,200	2,200
b) Fee for Certification	167	153
c) Fee for Tax Audit	200	240
d) Out of Pocket Expenses for travel	327	424
<b>Total</b>	<b>2,894</b>	<b>3,017</b>

## 23.4 Earnings and outgo in foreign currency:

(Rs. '000)

Particulars	31-Mar-09	31-Mar-08
<b>Earnings:</b> Reimbursement of expenses incurred.	212	647
<b>Outgo:</b>		
Interest on Loans	284	568
Travel & Staff Training	1,391	1,787
Remittance on account of Principal Repayment of Loan	3,500	3,500
Dividend remittances to foreign equity investors.	2,350	1,410
<b>Total</b>	<b>7,525</b>	<b>7,265</b>

## 23.5 Related party Disclosures

Related parties of the Company are broadly classified as :

### i) Holding Company

NIL

### ii) Associate Companies

- Bhartiya Samruddhi Investements and Consulting Services Limited
- Krishna Bhima Samruddhi Local Area Bank
- Indian Grameen Services
- CTAN Consulting Private Limited
- Amount due from Basics Limited is Rs.17,42.875

### iii) Key Management Personnel

- Mr.Vijay Mahajan (Chairman & Managing Director)
- Mr.N V Ramana (Managing Director up to 19.7.2008)

### iv) Relatives of Key management Personnel

- Ms.Savita Mahajan
- Ms.N Madhavi

### v) Companies in which Key management personnel exercising significant influence

NIL

- The details of transactions of the company with its related parties during the year ended 31st March , 2009 are given below

## Bhartiya Samruddhi Finance Limited

A) Payments				Rs.'000s	
S.No	Expenditure Details	BASICS Ltd.	Indian Grameen Services	N.V.Ramana	Total
1	Management Consultancy fee	4000	-	-	4000
2	On time fee for Delphix installations	3600	-	-	2300
3	System rent	816	-	-	816
4	Facilitating training program	658	-	-	107
5	Deputation of staff	-	1882	-	1882
6	Premises rent	-	2945	90	3035
7	Remunation	-	-	2397	2397
8	Sharing of Common office expenses	-	1118	-	-
9	Aquiring of business	-	16549	-	16549
B) Receipts					
1	Deputation of staff	2619	-	-	2619
2	Consultancy fee:International project	1116	-	-	1116
C) Maximum (due to) / Due from at any time during the year					
		(84)	(816)	-	-
		4559	1279	-	-

### 23.6 Grants and in kind donations:

23.6.1 The company has received computer systems, software and operating systems and procedures especially developed suiting its operational needs from its holding company, which has been financed out of the IFC Technical Assistance Facility. IFC is one of major shareholder of the company. The hardware, software, other expenses for development of the same aggregating to Rs 10.8 Million was managed by the holding company, BASICS Ltd. another major shareholder. After the development, the company is paying a nominal rent of Rs 0.8 million per annum, for the hardware to BASICS Ltd.

### 23.7 Segment wise analysis of Business Results:

(Rs. '000)

Particulars	Micro Credit	Micro Insurance Agency Services	Agri/Business Development Services	Institutional Development Services /Consulting	Total
<b>Segment Revenue</b>					
Income from operations	906,595	39,365	53,121	9,083	1,008,164
Income from Fixed Deposits, Other Income and excess provisions written back	11,949	3,993	3,993	3,993	23,928
<b>Total</b>	<b>918,544</b>	<b>43,358</b>	<b>57,114</b>	<b>13,076</b>	<b>1,032,092</b>
% of Total Revenue	89.0%	4.2%	5.5%	1.3%	100.0%
<b>Segment Expenditure</b>					
Interest on Borrowed funds	316,815	-	-	-	316,815
Salaries and benefits	204,312	13,721	16,277	6,516	240,826
Other Operating expenses(incl. financial service charges to LSA/LPAs)	253,401	18,386	30,068	4,479	306,334
Non-Cash charges	24,552	648	837	442	26,479
<b>Total</b>	<b>799,080</b>	<b>32,755</b>	<b>47,182</b>	<b>11,437</b>	<b>890,454</b>
% of Total Expenditure	89.7%	3.7%	5.3%	1.3%	100.0%
<b>Segment Result</b>					
<b>PBT</b>	<b>119,464</b>	<b>10,603</b>	<b>9,932</b>	<b>1,639</b>	<b>141,638</b>
<b>Segment PBT as % of Total</b>	84.3%	7.5%	7.0%	1.2%	100.0%

## Bhartiya Samruddhi Finance Limited

<b>Capital employed</b>					
<b>Segment assets</b>					
Fixed assets	98,536	148	139	23	98,846
Cash and bank balances	1,573,511	2,363	2,214	365	1,578,453
Unsecured loans to rural poor , including interest receivable	3,823,592	-	-	-	3,823,592
Advances recoverable	109,145	51,927	9,987	1,497	172,556
<b>Total assets</b>	<b>5,604,784</b>	<b>54,438</b>	<b>12,340</b>	<b>1,885</b>	<b>5,673,447</b>
<b>Segment Liabilities</b>					
Secured and unsecured loans	4,033,367	6,058	5,674	936	4,046,035
deferred tax	10,315	915	857	141	12,228
Current Liabilities and Provisions	884,283	13,295	49,711	2,062	949,351
<b>Total Liabilities</b>	<b>4,927,965</b>	<b>20,268</b>	<b>56,242</b>	<b>3,139</b>	<b>5,007,614</b>
<b>Assumptions/ Basis of computation:</b>					
Effort Index for distribution of unallocated costs					
<b>Customers</b>	574,293	133,279	258,948	46,814	1,013,334
No of visits made to attend each customer	15	3	2	6	26
Total no. of Visits for all customers serviced	8,614,395	399,837	517,896	280,884	9,813,012
% of Customers serviced	87.8%	4.1%	5.3%	2.9%	100.0%
<i>Notes: 1. 50% of Credit plus Insurance income shown under credit segment Rs.26693 (Rs.000's)</i>					
<i>2. Ag/BDS income is recognised on accrual basis.</i>					
<i>3. % of Customers serviced is used as basis for apportioning the unallocated cost.</i>					
<i>4. Fixed Assets, Cash &amp; Bank balances and borrowings are apportioned 98% to Credit segment: others are allocated wherever feasible and the remaining unallocated assets and liabilities are apportioned on the basis of segment results.</i>					

### 23.8 Miscellaneous:

23.8.1 No amount is due to any small-scale industrial undertaking by the Company.

23.8.2 No adjustment on account of inflation is effected in the financial statements

23.8.3 Balance sheet abstract and Company's general business profile, pursuant to Part IV to Schedule VI is separately attached

23.8.4 Additional information pursuant to paragraph 4-C and 4-D of Part B to Schedule VI of the Companies Act, 1956 – None other than stated above.

23.8.5 Previous Year figures have been regrouped and rearranged wherever necessary

23.8.6 The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. In this circumstances the information, if any required to be disclosed under the Act, is not yet ascertained.

# Bhartiya Samruddhi Finance Limited

## 24 SOME OPERATING RATIOS:

Description of Ratio	Numerator	Denominator	Ratios	
			31-Mar-09	31-Mar-08
Financial Sustainability	Total Income	Total Expenses	115.9%	114.5%
Return on Assets	Net Profit After Taxes	Average Assets (including assigned portfolio)	1.9%	2.0%
Return on Equity	Net Profit After Taxes	Net Worth	17.8%	13.9%
Earnings per Share (Basic and Diluted) Rs	Net Profit After Taxes	Total Number of Equity Shares	3.25	1.85
Yield on Portfolio	Operating Income (as Direct Income from credit operations)	Average Portfolio (including assigned portfolio)	25.6%	25.0%
Capital Adequacy Ratio	Net Worth	Risk Weighted Assets	18.86%	16.47%
PAR to Assets > 90 days	Portfolio at Risk > 90 days	Total Loan assets (including assigned Portfolio)	0.5%	0.6%
Loan Loss Provision	Loan Loss Provision as on March 31.	Total Loan assets (excluding assigned portfolio)	0.2%	
Loan Write - Off Ratio	Loans written off during period	Average Portfolio	0.3%	0.6%

As per our report of even date  
**for V.NAGARAJAN & CO.,**  
 Chartered Accountants

**for Bhartiya Samruddhi Finance Limited**

Hyderabad  
 April 25, 2009

**(V.NAGARAJAN)**  
 Partner  
 Membership No.19959

Managing Director    Director    Company Secretary

# Bhartiya Samruddhi Finance Limited

## SCHEDULE

As required in terms of Paragraph 9BB of NBFC prudential Norms (Reserve Bank) Directions, 1998 as on 31st March, 2009

Rs.in '000s

	Particulars	Amount Outstanding	Amount Overdue
	<b>Liabilities side:</b>		
<b>I</b>	<b>Loans and advances availed by the NBFCs*</b>		
a	Debentures : Secured		-
	: Unsecured		-
	(other than falling within the meaning of public deposits)		
b	Deferred Credits	-	
c	Term Loans	3,993,859	
d	Inter-corporate loans and borrowings	-	
e	Commercial paper	-	
f	Public Deposits	-	
g	Other loans (specify nature)		
	- Bank Borrowing (Cash Credit)	52,176	
<b>II</b>	<b>Breakup of 1(f) above (outstanding public deposits)*</b>		
a	In the form of Unsecured debentures	-	
b	In the form of partly secured debentures i.e., debentures where there is a shortfall in the value of security	-	
c	Other public deposits	-	

\*Interest accrued but not paid - Nil

#Represents unrenewed deposits

	Particulars	Amount Outstanding
	Asstes side:	
III	Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
a	Secured	516,995
b	Unsecured (including Advance for Business Assets)	3,226,302
IV	Break-up of Leased Assets and Stock on hire and hypothecation loans counting towards EL/HP activities:	-
(i)	Lease assets including lease rentals under sundry debtors	-
a	Financial Lease	-
b	Operating Lease	-
(ii)	Net stock on hire including hire charges under sundry debtors	-
a	Assets on hire	-
b	Repossessed Assets	-
(iii)	hypothecation loans counting towards EL/HP activities:	-
a	Loans where assets have been repossessed	-
b	Loans other than (a) above	-

	Particulars	Cost	Market value*
(V)	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>		
1	<b>Quoted</b>	-	-
2	<b>Unquoted</b>		
(i)	Preference Shares		
(ii)	Units of mutual funds		

## Bhartiya Samruddhi Finance Limited

<b>Long Term Investments</b>			
1	<b>Quoted:</b>		
(i)	Equity Shares		
(ii)	Debentures and Bonds		
(iii)	Government Securities	-	-
2	<b>Unquoted</b>		
(i)	Equity Shares		
(ii)	Government Securities		
(iii)	Units of mutual funds		
	<b>Total</b>		
*Unquoted Investments disclosed at break up / fair value / NAV			

<b>(Vi) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:</b>				
		(Rs. In 000s)		
<b>Category</b>		<b>Amount net of provisions</b>		
		Secured	Unsecured	Total
1	Related Parties**	-	-	-
a	Subsidiaries	-	-	-
b	Companies in the same group	-	-	-
c	Other related parties	-	-	-
2	<b>Other than related parties</b>	516,995	3,226,302	3,743,297
	<b>Total</b>	516,995	3,226,302	3,743,297

<b>(vii) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)</b>			
<b>Category</b>		<b>Market Value Break up or fair value or NAV</b>	<b>Book Value (Net of provisions)</b>
1	<b>Related parties **</b>		
a	Subsidiaries		
b	Companies in the same group		
c	Other related parties		
2	<b>Other than related parties</b>	-	-
	<b>Total</b>		

\*\* As per Accounting Standard

<b>(VII) Other Information</b>		<b>Amount</b>
<b>Particulars</b>		
(i)	Gross Non-Performing Assets	19,986
a	Related Parties	-
b	<i>Other than related parties</i>	-
(ii)	Net Non-Performing Assets	16,531
a	Related Parties	-
b	<i>Other than related parties</i>	-
(iii)	Assets acquired in satisfaction of debt (during the year)	-

As per our report even date  
for **V.NAGARAJAN & Co.**,  
Chartered Accountants

for **BHARTIYA SAMRUDDHI FINANCE LIMITED**

Hyderabad  
April 25, 2009

**(V.NAGARAJAN)**  
Partner  
Membership No.19959

*Managing Director*    *Director*    *Company Secretary*

# Bhartiya Samruddhi Finance Limited

## Enclosure to Notes forming part of accounts for the year ended March 31, 2009

The Information Relating to the Balance Sheet abstract and the Company's General Business Profile.  
As per Part IV of Schedule VI to the Companies Act, 1956 as under:

### I. Registration Details

Registration No. 

		5	5	-	8	1	1	2	7
--	--	---	---	---	---	---	---	---	---

 State Code 

5	5
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Balance Sheet Date 

3	1		0	3		2	0	0	9
---	---	--	---	---	--	---	---	---	---

### II. Capital Raised During the Period (Amount in Rs. Thousands)

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Right Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>5</td><td>1</td><td>0</td><td>9</td><td>0</td></tr></table>				5	1	0	9	0
					N	I	L										
			5	1	0	9	0										

### III. Position of Mobilization and deployment of Funds (Amount in Rs. Thousands)

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>4</td><td>7</td><td>3</td><td>1</td><td>4</td><td>9</td><td>3</td></tr></table>		4	7	3	1	4	9	3	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>4</td><td>7</td><td>3</td><td>1</td><td>4</td><td>9</td><td>3</td></tr></table>		4	7	3	1	4	9	3
	4	7	3	1	4	9	3										
	4	7	3	1	4	9	3										
<b>Sources of Funds</b>																	
Paid up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>2</td><td>6</td><td>7</td><td>0</td><td>9</td><td>0</td></tr></table>			2	6	7	0	9	0	Reserves and Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td>4</td><td>0</td><td>6</td><td>1</td><td>3</td><td>9</td></tr></table>			4	0	6	1	3	9
		2	6	7	0	9	0										
		4	0	6	1	3	9										
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>4</td><td>0</td><td>2</td><td>1</td><td>5</td><td>0</td><td>9</td></tr></table>		4	0	2	1	5	0	9	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>2</td><td>4</td><td>5</td><td>2</td><td>7</td></tr></table>				2	4	5	2	7
	4	0	2	1	5	0	9										
			2	4	5	2	7										
Deferred Taxation <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>2</td><td>2</td><td>8</td></tr></table>				1	2	2	2	8									
			1	2	2	2	8										

### Application of Funds

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>9</td><td>8</td><td>8</td><td>4</td><td>6</td></tr></table>				9	8	8	4	6	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
			9	8	8	4	6										
					N	I	L										
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>4</td><td>6</td><td>2</td><td>5</td><td>2</td><td>5</td><td>0</td></tr></table>		4	6	2	5	2	5	0	Miscellaneous Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td>7</td><td>3</td><td>9</td><td>7</td></tr></table>					7	3	9	7
	4	6	2	5	2	5	0										
				7	3	9	7										
Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L									
					N	I	L										

### IV. Performance of Company (Amount in Rs. Thousands)

Total Receipts + <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>1</td><td>0</td><td>3</td><td>2</td><td>0</td><td>9</td><td>1</td></tr></table> + -		1	0	3	2	0	9	1	Total Expenditure + <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>8</td><td>9</td><td>0</td><td>4</td><td>5</td><td>6</td></tr></table> + -		8	9	0	4	5	6
	1	0	3	2	0	9	1									
	8	9	0	4	5	6										
Profit/Loss before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>1</td><td>4</td><td>1</td><td>6</td><td>3</td><td>5</td></tr></table>		1	4	1	6	3	5	Profit/Loss after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td>8</td><td>6</td><td>8</td><td>1</td><td>0</td></tr></table>		8	6	8	1	0		
	1	4	1	6	3	5										
	8	6	8	1	0											
Earning Per Share Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>3</td><td>.</td><td>2</td><td>5</td></tr></table>				3	.	2	5	Dividend <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>9</td><td>1</td><td>2</td><td>7</td></tr></table>				1	9	1	2	7
			3	.	2	5										
			1	9	1	2	7									

### VI. Generic Name of Three Principal Products/Services of the Company.

Item Code No. (ITC Code): 

	N	.	A	.			
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Product Description 

FINANCIAL SERVICES
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As per our report of even date  
for **V. NAGARAJAN & CO.,**  
Chartered Accountants

for **BHARTIYA SAMRUDDHI FINANCE LIMITED**

Hyderabad  
April 25, 2009

**(V. NAGARAJAN)**  
Partner  
Membership No.19959

Managing Director

Director

Company  
Secretary