

Trident Microfin Private Limited
Financials for the half year ended and Notes to accounts

BALANCE SHEET AS ON 30th September 2009

(Amounts in thousands of INR)

| UNAUDITED | AUDITED | AUDITED |
|------------------------------------|-------------------------------|-------------------------------|
| For the half year ended 30-09-2009 | For the year ended 31-03-2009 | For the year ended 31-03-2008 |

I - Sources of Funds

1) Shareholders Funds :

| | | | | |
|-------------------------|-----|---------|---------|--------|
| a) Capital | "A" | 86,793 | 86,793 | 18,980 |
| b) Reserves and surplus | "B" | 137,215 | 121,373 | 853 |

2) Loan Funds :

| | | | | |
|--------------------|-----|---------|---------|--------|
| a) Secured Loans | "C" | 535,463 | 266,964 | 21,613 |
| b) Unsecured Loans | "D" | 0 | 30,000 | 10,000 |

3) Deferred Tax Liabilities:

| | | |
|-----|-----|----|
| 385 | 155 | 54 |
|-----|-----|----|

TOTAL SOURCE OF FUNDS

| | | |
|----------------|----------------|---------------|
| 759,856 | 505,285 | 51,500 |
|----------------|----------------|---------------|

II - Application of Funds

1) Fixed Assets :

| | | | | |
|------------------------------------|-----|--------------|--------------|--------------|
| a) Gross Block : | "E" | 10,220 | 9,217 | 1,489 |
| b) Less Accumulated Depreciation : | | 2,979 | 1,716 | 66 |
| c) Net Block : | | 7,241 | 7,501 | 1,423 |
| d) Capital Work-in-Progress : | | | 0 | 0 |
| Total Fixed Assets : | | 7,241 | 7,501 | 1,423 |

2) Intangible Assets :

| | | | | |
|------------------------------------|-----|---------------|---------------|----------|
| a) Gross Amount : | "F" | 36,468 | 36,468 | 0 |
| b) Less Accumulated Amortisation : | | 11,294 | 5,647 | 0 |
| c) Net Amount : | | 25,174 | 30,821 | 0 |

3) Investments

| | | |
|------------|----------|----------|
| 500 | 0 | 0 |
|------------|----------|----------|

4) Current assets, loans and advances :

a) Cash and Bank Balances

| | | | |
|-----|--------|--------|-------|
| "G" | 85,126 | 58,873 | 2,776 |
|-----|--------|--------|-------|

b) Other Assets

| | | | |
|-----|--------|-------|-------|
| "H" | 16,232 | 2,121 | 2,099 |
|-----|--------|-------|-------|

c) Loans and Advances

| | | | |
|-----|---------|---------|--------|
| "I" | 663,424 | 422,515 | 47,149 |
|-----|---------|---------|--------|

Less : Provision against standard assets

| | | | |
|-----|-------|-------|---|
| "J" | 4,972 | 3,165 | 0 |
|-----|-------|-------|---|

Net Loans and Advances

| | | | |
|--|---------|---------|--------|
| | 658,452 | 419,350 | 47,149 |
|--|---------|---------|--------|

Total Current Assets, loans and advances

| | | | |
|--|---------|---------|--------|
| | 759,810 | 480,344 | 52,024 |
|--|---------|---------|--------|

Less : Current liabilities and provisions :

a) Current liabilities

| | | | |
|-----|--------|-------|-------|
| "K" | 20,084 | 8,633 | 1,514 |
|-----|--------|-------|-------|

b) Provisions

| | | | |
|--|--------|-------|-----|
| | 12,785 | 4,748 | 433 |
|--|--------|-------|-----|

Total Current Liabilities and provisions

| | | | |
|--|--------|--------|-------|
| | 32,869 | 13,381 | 1,947 |
|--|--------|--------|-------|

Net Current Assets

| | | | |
|--|---------|---------|--------|
| | 726,941 | 466,963 | 50,077 |
|--|---------|---------|--------|

TOTAL APPLICATION OF FUNDS

| | | | |
|--|---------|---------|--------|
| | 759,856 | 505,285 | 51,500 |
|--|---------|---------|--------|

For and on behalf of the Board

P Kishore Kumar
Director

Shilpa Sudhakar
Director

Place:

Hyderabad

Date:

19th October 2009

PROFIT OR LOSS ACCOUNT FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

(Amounts in thousands of INR)

| | Schedule | (Amounts in thousands of INR) | | |
|--|----------|--|--|--|
| | | UNAUDITED For the half ended 30-09-2009 | AUDITED For the year ended 31-03-2009 | AUDITED For the year ended 31-03-2008 |
| <u>INCOME</u> | | | | |
| Interest Income | "L" | 56,969 | 50,866 | 2,420 |
| Fee Income (Loan processing, Membership etc) | "M" | 33,489 | 25,782 | 1,594 |
| Other income | "N" | 1,614 | 545 | 2 |
| TOTAL INCOME | | 92,072 | 77,193 | 4,016 |
| <u>EXPENDITURE</u> | | | | |
| Employee Costs | "O" | 17,878 | 21,468 | 61 |
| Administrative Expenditure | "P1" | 9,136 | 11,443 | 2,145 |
| Financial Expenses | "Q" | 25,905 | 20,062 | 347 |
| Insurance for Loan clients | "R" | 6,098 | 4,152 | 7 |
| Depreciation on Fixed Assets | "E" | 1,263 | 1,650 | 66 |
| Amortisation on Intangible Assets | "F" | 5,647 | 5,647 | 0 |
| Provision against standard assets | "J" | 1,807 | 3,165 | 0 |
| Loss on sale of asset | "P2" | 0 | 16 | 0 |
| Loan written off | "S" | 0 | 0 | 0 |
| TOTAL EXPENSES | | 67,734 | 67,603 | 2,626 |
| Profit / (loss) before Tax | | 24,338 | 9,590 | 1,390 |
| Provision for Income Tax | | 8,262 | 4,328 | 425 |
| Provision for Fringe Benefit Tax | | 0 | 225 | 8 |
| Deferred Tax | | 231 | 0 | 0 |
| Profit / loss after Tax | | 15,845 | 5,037 | 957 |
| Prior period adjustments (Refer Note 29) | | 0 | -1,882 | 15 |
| Transfer to statutory reserve | | 3,961 | 987 | 0 |
| Balance brought forward from pervious year | | 2,920 | 853 | -34 |
| Balance Carried forward to balance sheet | | 14,804 | 3,021 | 908 |
| Basic and diluted earnings per share of face value of Rs.10 each (Rupees) | | 1.83 | 1.23 | 3.31 |

For and on behalf of the Board

P Kishore Kumar
Director

Shilpa Sudhakar
Director

Place:

Hyderabad

Date:

19th October 2009

Cash Flow Statement For the period 1st April 2009 to 30th September 2009

(Amounts in thousands of INR)

| UNAUDITED | AUDITED | AUDITED |
|------------------------------------|-------------------------------|-------------------------------|
| For the half year ended 30-09-2009 | For the year ended 31-03-2009 | For the year ended 31-03-2008 |

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profits before taxes

| | | |
|--------|-------|-------|
| 24,336 | 9,591 | 1,389 |
|--------|-------|-------|

Adjustments for:

Depreciation on fixed assets

| | | |
|-------|-------|----|
| 1,263 | 1,650 | 66 |
|-------|-------|----|

Amortisation of intangible assets

| | | |
|-------|-------|---|
| 5,647 | 5,647 | 0 |
|-------|-------|---|

Loan outstanding and member settlement for member / spouse death settled from own funds

| | | |
|-----|--------|---|
| -88 | -1,414 | 0 |
|-----|--------|---|

Insurance claims not passed to members

| | | |
|----|---|---|
| 86 | 0 | 0 |
|----|---|---|

Provisions against standard assets

| | | |
|-------|-------|---|
| 1,807 | 3,165 | 0 |
|-------|-------|---|

Operating profits before working capital adjustments

| | | |
|---------------|---------------|--------------|
| 33,051 | 18,639 | 1,455 |
|---------------|---------------|--------------|

Adjustments for increase / decrease in working capital

Net increase / decrease in loans and advances to members and staff

| | | |
|---------|---------|--------|
| 240,909 | 375,367 | 44,682 |
|---------|---------|--------|

Increase / decrease in current assets (other than loans and advances read with note 29)

| | | |
|-------|-------|-------|
| 2,986 | 1,904 | 2,099 |
|-------|-------|-------|

Increase / decrease in current liabilities (other than loans payable)

| | | |
|--------|-------|-------|
| 11,451 | 7,345 | 1,495 |
|--------|-------|-------|

Cash generated from operations

| | | |
|-----------------|-----------------|----------------|
| -199,393 | -351,287 | -43,831 |
|-----------------|-----------------|----------------|

Taxation and others - Income tax/FBT etc paid

| | | |
|---------|------|----|
| -11,350 | -463 | -2 |
|---------|------|----|

Net cash generated from operation activities

"A"

| | | |
|-----------------|-----------------|----------------|
| -210,743 | -351,750 | -43,833 |
|-----------------|-----------------|----------------|

B. CASH FLOW FROM INVESTMENT ACTIVITIES

Purchase of fixed assets net of sales

| | | |
|--------|--------|--------|
| -1,003 | -7,729 | -1,489 |
|--------|--------|--------|

Purchase of intangible assets (refer note 16)

| | | |
|---|---------|---|
| 0 | -34,775 | 0 |
|---|---------|---|

Investment in other companies

| | | |
|------|---|---|
| -500 | 0 | 0 |
|------|---|---|

| | | | | |
|---|------------|---------------|----------------|---------------|
| Net cash used in investment activities | "B" | -1,503 | -42,504 | -1,489 |
|---|------------|---------------|----------------|---------------|

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | | | |
|---------------------------------|--|---------|---------|--------|
| Increase in Share Capital | | 0 | 67,813 | 16,253 |
| Increase in share premium | | 0 | 117,187 | 0 |
| Net increase in Secured loans | | 268,499 | 245,351 | 21,613 |
| Net increase in unsecured loans | | -30,000 | 20,000 | 10,000 |

| | | | | |
|--|------------|----------------|----------------|---------------|
| Net cash flow from Financing activities | "C" | 238,499 | 450,351 | 47,866 |
|--|------------|----------------|----------------|---------------|

NET INCREASE OR DECREASE IN CASH OR CASH EQUIVALENTS

"A" + "B" + "C"

| | | |
|---------------|---------------|--------------|
| 26,253 | 56,097 | 2,544 |
|---------------|---------------|--------------|

| | | | |
|---|---------------|---------------|--------------|
| Opening cash or cash equivalents | 58,873 | 2,776 | 232 |
| Closing cash or cash equivalents | 85,126 | 58,873 | 2,776 |

| | | | |
|-----------------------------------|---------------|---------------|--------------|
| NET INFLOW DURING THE YEAR | 26,253 | 56,097 | 2,544 |
|-----------------------------------|---------------|---------------|--------------|

As per our report of even date
For Vaithisvaran & Co.,
Chartered Accountants

For and on behalf of the Board

S.Shankar Raman
Partner
M.No: 209163

P Kishore Kumar
Director

Shilpa Sudhakar
Director

Place: Hyderabad
Date: 19th October 2009

TRIDENT MICROFIN PRIVATE LIMITED

Regd Office: 2, MALVIYA ENCLAVE, M M MALVIYA ROAD, AMRITSAR, PUNJAB - 143001.

AMOUNTS IN INR

| Particulars | For the half year ended 30.09.2009 Rs. | For the year ended 31.03.2009 Rs. | For the year ended 31.03.2008 Rs. |
|--|---|--|--|
| SCHEDULE "A" | | | |
| SHARE CAPITAL | | | |
| Authorised: | | | |
| Equity Share Capital (9,300,000 Equity Shares of Rs. 10/- each) | 93,000,000 | 93,000,000 | 3,000,000 |
| Preference Share Capital (1,70,000 Preference Shares of Rs.100/- each) | 17,000,000 | 17,000,000 | 17,000,000 |
| TOTAL | 110,000,000 | 110,000,000 | 20,000,000 |
| Share Capital | | | |
| Issued Subscribed & Paid up: | | | |
| Equity Share Capital (8,679,267 Equity Shares of Rs.10 each fully paid up; previous year 272,700 equity shares of Rs.10 each fully paid up) | 86,792,670 | 86,792,670 | 2,727,000 |
| Preference Share Capital (Nil Preference shares; previous year 162525 preference shares of Rs.100 fully paid up) | 0 | 0 | 16,252,500 |
| TOTAL | 86,792,670 | 86,792,670 | 18,979,500 |

SCHEDULE"B"
RESERVES AND SURPLUS

| | | | | |
|--|------------|--------------------|--------------------|----------------|
| Share Premium | | 117,186,830 | 117,186,830 | 0 |
| Integrated Protection Fund | | 277,271 | 279,068 | 0 |
| Opening Balance | 279,068 | | | |
| Less: Adjustment for member death | 87,600 | | | |
| Add: Claims not passed to members | 85,803 | | | |
| Closing Balance | 277,271 | | | |
| Statutory Reserve under section 45IC of RBI Act, 1934 | | 4,947,563 | 986,653 | 0 |
| General Reserve | | 14,803,036 | 2,920,305 | 853,071 |
| Opening Balance | 2,920,305 | | | |
| Add: Earnings during the year after appropriations | 15,843,641 | | | |
| Less: Transfer to statutory reserve | 3,960,910 | | | |
| Closing Balance | 14,803,036 | | | |
| TOTAL | | 137,214,700 | 121,372,856 | 853,071 |

SCHEDULE"C"
SECURED LOANS

| | | | | |
|--|--|--------------------|--------------------|-------------------|
| - From HDFC Bank Ltd (Term Loan) | | 129,166,666 | 99,104,166 | 9,500,000 |
| - From ABN Amro Bank (Term Loan) | | 39,756,000 | 84,390,000 | 9,208,000 |
| - From Axis Bank Ltd (Term Loan) | | 88,809,525 | 83,174,603 | 2,500,000 |
| - From Indian Overseas Bank Ltd (Term Loan) | | 70,000,000 | 0 | 0 |
| - From Union Bank of India (Term Loan) | | 20,000,000 | 0 | 0 |
| - From Karnataka Bank Ltd (Term Loan) | | 50,000,000 | 0 | 0 |
| - From State Bank Of Mauritius (Term Loan) | | 50,000,000 | 0 | 0 |
| - From ING Vysya Bank Ltd (Term Loan) | | 30,000,000 | 0 | 0 |
| - From United Bank of India (Term Loan) | | 25,000,000 | 0 | 0 |
| - From Development Credit Bank Ltd (Term Loan) | | 32,500,000 | 0 | 0 |
| - From HDFC Bank Ltd (Car Loan) | | 230,425 | 295,221 | 405,000 |
| TOTAL | | 535,462,616 | 266,963,990 | 21,613,000 |

SCHEDULE"D"**UNSECURED LOANS**

| | | | |
|---|----------|-------------------|------------------|
| - From Bellwether Microfinance Fund P Ltd | | | 10,000,00 |
| | 0 | 30,000,000 | 0 |
| | | | 10,000,00 |
| TOTAL | 0 | 30,000,000 | 0 |

SCHEDULE"G"**CASH & BANK BALANCES:**

| | | | |
|---|-------------------|-------------------|------------------|
| Cash In hand | 6,889,125 | 235,435 | 7,090 |
| Balance with Scheduled Banks: | | | |
| In Current Accounts | 34,050,138 | 39,600,498 | 2,768,948 |
| In Fixed deposits with various Banks (lien marked against term loans) | 44,186,791 | 19,037,154 | 0 |
| TOTAL | 85,126,054 | 58,873,087 | 2,776,038 |

SCHEDULE"H"**INVESTMENTS**

| | | | |
|---|---------|---|---|
| Share application money with Alpha Microfinance Consultants P Ltd | 500,000 | 0 | 0 |
|---|---------|---|---|

OTHER ASSETS**DEPOSITS**

| | | | |
|---|---------|---------|--------|
| Telephone Deposit | 15,000 | 13,500 | 0 |
| Tea Vending Machine Deposit - Refundable | 10,000 | 10,000 | 0 |
| Rolling insurance premium - refundable deposit with Bajaj Allianz | 50,000 | 50,000 | 0 |
| Rental Deposit with Land Lords | 621,350 | 535,600 | 40,300 |

ADVANCE FOR EXPENSES

| | | | |
|--|---------|-------|---------|
| Advance to car dealer | 0 | 0 | 7,885 |
| Pre-paid insurance | 0 | 0 | 156,585 |
| Prepaid Rent | 0 | 3,850 | 0 |
| Advance for RoC filing Fees | 0 | 2,000 | 0 |
| Advance to staff for expenses | 37,679 | 0 | 0 |
| Advance to branches for expenses | 56,588 | 0 | 0 |
| Advance to HDFC Bank Ltd towards arranging loans | 100,000 | 0 | 0 |

OTHER ASSETS

| | | | |
|--|-------------------|------------------|------------------|
| TDS Receivable - AY 08-09 | 12,203 | 12,203 | 12,203 |
| TDS Receivable - AY 09-10 | 108,522 | 108,522 | 0 |
| PF Refund Due - Excess amount deposited with department | 32,820 | 123,839 | 0 |
| Advance Tax - AY 2010 - 2011 | 6,800,000 | 0 | 0 |
| TDS receivable - AY 2010 - 2011 | 52,950 | 0 | 0 |
| Income Tax paid - AY 09-10 | 4,325,130 | 0 | 0 |
| Interest Receivable | 0 | 0 | 1,882,441 |
| Advance to Jayam Solutions - software development | 635,950 | 0 | 0 |
| Advance to Alliance Prosys India Limited - purchase of microsoft license | 1,208,520 | 0 | 0 |
| Bellwether Microfinance Fund P Ltd (TDS refund) | 26,384 | 0 | 0 |
| Interest Accrued on loans - GLW | 1,948,198 | 794,350 | 0 |
| Service Tax - Input Credit - Capital Goods | 47,093 | 0 | 0 |
| Service Tax - Input Credit | 143,981 | 0 | 0 |
| Service Tax - excess paid - to be adjusted in current year | 0 | 467,514 | 0 |
| TOTAL | 16,232,368 | 2,121,378 | 2,099,414 |

SCHEDULE "I"**LOANS & ADVANCES TO MEMBERS:**

SECURED: 0 0 0

UNSECURED:

| | | | |
|--|--------------------|--------------------|-------------------|
| Loan to Members under microfinance program (includes Group loan to women, crop loans to farmer groups and individual member loans) | 673,226,470 | | |
| Less: Portfolio Sold to DCB Ltd under buy out program | (10,262,422) | | |
| NET PORTFOLIO | 662,964,048 | 421,993,515 | 46,831,907 |

LOANS & ADVANCES TO OTHERS:**UNSECURED**

| | | | |
|--------------|--------------------|--------------------|-------------------|
| Staff Loans | 460,140 | 521,981 | 316,839 |
| TOTAL | 663,424,188 | 422,515,496 | 47,148,746 |

SCHEDULE"J"**Provision against standard assets**

Provision for bad and doubtful debts @ 0.75% of the standard assets

4,972,230 3,164,951 0

TOTAL**4,972,230 3,164,951 0****SCHEDULE"K"****CURRENT LIABILITIES**

| | | | |
|--|-----------|-----------|---------|
| Cash Security - deposit by members | 7,505,400 | 3,585,100 | 218,300 |
| Director salary payable | 0 | 0 | 170,000 |
| Bonus payable to Managing Director | 0 | 378,000 | 0 |
| Consultancy Fee Payable | 13,454 | 0 | 615,223 |
| Audit Fee Payable | 149,000 | 259,645 | 20,182 |
| PF Employers Contribution Payable including Administrative Charges | 133,710 | 174,682 | 0 |
| PF Employees Contribution Payable | 118,571 | 174,680 | 0 |
| PF recovered from staff refundable to ex-staff | 128,597 | 141,060 | 0 |
| Task Force - Interiors - Payable | 0 | 131,657 | 0 |
| Salary, Conveyance and Incentive Payable | 4,761,872 | 961,877 | 0 |
| Travelling Expenses Payable | 32,033 | 56,552 | 15,905 |
| Professional Tax Payable | 0 | 8,590 | 0 |
| Insurance claim - amount received from insurer to be settled to member | 855,000 | 234,000 | 0 |
| Interest on service tax payable | 6,916 | 6,916 | 0 |
| TDS Payable - Task Force Interiors | 0 | 65,865 | 0 |
| TDS Payable - Professional / Consultancy Fee | 7,832 | 48,549 | 72,962 |
| TDS Payable - Bonus to Managing Director | 0 | 162,000 | 130,000 |
| TDS Payable - Interest On Loans | 30,700 | 92,130 | 9,996 |
| TDS Payable - Rent | 9,270 | 0 | 0 |
| TDS Payable - Others | 341 | 18,621 | 0 |
| TDS Payable - Salaries | 45,000 | 49,100 | 0 |
| Staff Mutual benefits - to be returned to staff | 8,482 | 8,482 | 0 |
| Service Tax Payable | 722,485 | 0 | 117,120 |
| Rent, Electricity and telephone payable | 259,014 | 0 | 0 |
| Creditors for Capital items - computers | 46,000 | 0 | 0 |
| Member Insurance Premium payable to Bajaj Allianz | 1,824,562 | 0 | 0 |
| Creditors for Other Expenses | 41,668 | 0 | 18,916 |
| Interest payable of Loans to Bank and FIs | 3,384,311 | 2,076,185 | 125,522 |

Provisions

| | | | |
|-----------------------------------|-----------|-----------|---------|
| Provision for Gratuity | 167,437 | 167,437 | 0 |
| Provision for taxation - AY 10-11 | 8,262,223 | 0 | 0 |
| Provision for taxation - AY 09-10 | 4,328,000 | 4,328,000 | 0 |
| Provision for taxation - AY 08-09 | 27,744 | 27,744 | 425,000 |
| Fringe Benefit Tax Payable | 0 | 225,123 | 7,830 |

| | | | |
|--------------|-------------------|-------------------|------------------|
| TOTAL | 32,869,623 | 13,381,994 | 1,946,956 |
|--------------|-------------------|-------------------|------------------|

SCHEDULE "L"**INTEREST INCOME**

| | | | |
|------------------------------------|------------|------------|-----------|
| Interest on Loans | 56,927,021 | 50,785,363 | 2,414,664 |
| Interest On Personal loan to Staff | 41,744 | 80,356 | 4,860 |

| | | | |
|--------------|-------------------|-------------------|------------------|
| TOTAL | 56,968,765 | 50,865,719 | 2,419,524 |
|--------------|-------------------|-------------------|------------------|

SCHEDULE "M"**FEE AND COMMISSION INCOME:**

| | | | |
|--|------------|------------|---------|
| Admin Charges and Insurance | 11,400,344 | 6,724,147 | 260,411 |
| Loan processing Fee | 18,301,127 | 15,652,911 | 947,580 |
| Membership Fee | 2,849,283 | 3,296,823 | 385,800 |
| Income from managing securitised portfolio | 937,865 | 108,432 | 0 |

| | | | |
|--------------|-------------------|-------------------|------------------|
| TOTAL | 33,488,619 | 25,782,313 | 1,593,791 |
|--------------|-------------------|-------------------|------------------|

SCHEDULE "N"**OTHER INCOME**

| | | | |
|--------------------------------------|-----------|---------|-------|
| Interest on Fixed Deposit with banks | 1,116,391 | 520,538 | 1,358 |
| Vehicle Insurance Claim | 0 | 6,598 | 0 |
| Other Income | 492,563 | 17,848 | 305 |
| Miscellaneous Income | 4,971 | 243 | 0 |

| | | | |
|--------------|------------------|----------------|--------------|
| TOTAL | 1,613,924 | 545,227 | 1,663 |
|--------------|------------------|----------------|--------------|

SCHEDULE "O"**STAFF COST**

| | | | |
|-------------------------------|------------|------------|--------|
| Staff Salaries and Incentives | 17,582,704 | 20,620,368 | 48,800 |
| Staff Medclaim Insurance | 15,744 | 409,052 | 0 |
| Staff Welfare Expenses | 279,907 | 438,783 | 12,505 |

| | | | |
|--------------|-------------------|-------------------|---------------|
| TOTAL | 17,878,355 | 21,468,203 | 61,305 |
|--------------|-------------------|-------------------|---------------|

SCHEDULE"P1"**ADMINISTRATIVE EXPENSES**

| | | | |
|---|------------------|-------------------|------------------|
| Director's Remuneration | 923,400 | 1,461,618 | 625,000 |
| Director's Sitting Fees | 15,000 | 0 | 0 |
| Training and Participation Fees | 0 | 432,197 | 0 |
| Conveyance, Travelling, Lodging and Boarding | 1,907,775 | 2,739,889 | 93,046 |
| Advertisement Expenses | 34,880 | 5,500 | 0 |
| Business promotion expenses | 33,399 | 0 | 0 |
| Stamp Duty & RoC Fee | 1,802,733 | 1,732,612 | 316,721 |
| Security Charges | 91,500 | 0 | 0 |
| Rent for Office Premises | 1,116,547 | 1,383,183 | 73,700 |
| Gifts | 0 | 94,723 | 0 |
| Insurances | 106,173 | 64,769 | 0 |
| Telephone Expenses | 614,637 | 233,895 | 27,056 |
| Electricity | 274,732 | 174,058 | 8,073 |
| Postage & Courier Expenses | 15,655 | 42,969 | 6,237 |
| Internet Charges | 47,078 | 83,628 | 7,377 |
| Printing Stationery and Xerox | 934,114 | 823,005 | 55,672 |
| Vehicle Maintenance and Insurance | 93,877 | 155,988 | 40 |
| Legal and Professional Fees | 598,769 | 994,303 | 772,066 |
| Books & Periodicals | 16,147 | 14,771 | 0 |
| Interest on car loan | 12,058 | 39,232 | 0 |
| Service tax | 0 | 0 | 117,121 |
| Interest on FBT | 0 | 281 | 0 |
| Interest on Service Tax | 0 | 6,916 | 0 |
| Office Maintenance Expenses | 351,572 | 526,751 | 34,016 |
| Computer and Software Maintenance | 69,705 | 387,314 | 6,899 |
| Pooja and Miscellaneous | 76,560 | 45,897 | 1,861 |
| TOTAL | 9,136,311 | 11,443,498 | 2,144,885 |

SCHEDULE"P2"**Loss on Sale of Asset**

| | | | |
|-----------------------|---|--------|---|
| Loss on Sale of Asset | 0 | 15,763 | 0 |
|-----------------------|---|--------|---|

SCHEDULE"Q"**INTEREST EXPENSES**

| | | | |
|---|------------|------------|---------|
| Interest on Loan from Banks | 21,549,505 | 15,059,220 | 254,647 |
| Interest on Loan from Financial Institution | 897,944 | 4,019,316 | 44,110 |
| Loan Processing Fees | 3,194,139 | | |
| Bank Charges including processing fees | 263,720 | 983,097 | 48,422 |

| | | | |
|--------------|-------------------|-------------------|----------------|
| TOTAL | 25,905,308 | 20,061,633 | 347,178 |
|--------------|-------------------|-------------------|----------------|

SCHEDULE"R"**FEE AND COMISSION EXPENSES:**

| | | | |
|--|-----------|-----------|-------|
| Insurance Amount paid on behalf of members | 6,098,024 | 4,151,520 | 6,691 |
|--|-----------|-----------|-------|

| | | | |
|--------------|------------------|------------------|--------------|
| TOTAL | 6,098,024 | 4,151,520 | 6,691 |
|--------------|------------------|------------------|--------------|

SCHEDULE"S"**LOAN WRITE OFF**

| | | | |
|---|--------|-----------|---|
| Loan out standing in repect of member death settled from own funds | 37,260 | 1,413,600 | 0 |
| Less: Adjusted by drawdown from Integrated protection fund reserve brought forward from The Maxwealth Trust | 37,260 | 1,413,600 | 0 |

| | | | |
|--------------|----------|----------|----------|
| TOTAL | 0 | 0 | 0 |
|--------------|----------|----------|----------|

P Kishore Kumar
Director
Hyderabad

Shilpa Sudhakar
Director

TRIDENT MICROFIN PRIVATE LIMITED

AS PER COMPANIES ACT DEPRECIATION STATEMENT FOR THE QUARTER ENDED 30TH SEPTEMBER 2009

Schedule "E"

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | NET BLOCK |
|---|------------------------|-----------------------------|-----------------------------|----------------------|------------------------|-------------------|------------------------------------|------------------|
| | Balance as on 01.04.09 | Additions during the period | Deletions during the period | TOTAL as on 30.09.09 | Balance as on 01.04.09 | During the period | Accumulated Balance As on 30.09.09 | AS ON 30.09.2009 |
| Air Conditioner | 104150 | 0 | 0 | 104150 | 12591 | 6385 | 18976 | 85174 |
| Computers and Peripherals | 2617472 | 261665 | 0 | 2879137 | 657754 | 421453 | 1079207 | 1799930 |
| Motor Car | 561230 | 0 | 0 | 561230 | 144821 | 54052 | 198873 | 362357 |
| Electrical Equipments / Fittings | 1131974 | 32052 | 0 | 1164026 | 126570 | 92413 | 218983 | 945043 |
| Furniture & Fixtures | 4564366 | 597400 | 0 | 5161766 | 649724 | 665367 | 1315091 | 3846675 |
| Mobile Phone | 116600 | 30385 | 0 | 146985 | 108679 | 9740 | 118419 | 28566 |
| Cycle | 2900 | 0 | 0 | 2900 | 2900 | 0 | 2900 | 0 |
| Water Dispenser | 0 | 7593 | 0 | 7593 | 0 | 169 | 169 | 7424 |
| Softwares | 0 | 73800 | 0 | 73800 | 0 | 3639 | 3639 | 70161 |
| Generators | 118500 | 0 | 0 | 118500 | 12848 | 9588 | 22436 | 96064 |
| TOTAL | 9217192 | 1002895 | 0 | 10220087 | 1715885 | 1262806 | 2978691 | 7241396 |

For and on behalf of the Board

P Kishore Kumar
Director

Shilpa Sudhakar
Director

Place: Hyderabad
19th October
Date: 2009

TRIDENT MICROFIN PRIVATE LIMITED

| Particulars | | As at 30.09.09 Rs. | As at 31.03.09 Rs. | As at 31.03.08 Rs. |
|--|--|--------------------------|--------------------------|--------------------------|
| Schedule "F" - INTANGIBLE ASSETS | | | | |
| GOODWILL (refer Note 16) | Opening balance | 5,821,023 | 0 | 0 |
| | Acquired on 30/09/2008 from The Maxwealth Trust | 0 | 6,467,803 | 0 |
| Amortisation (Amortisation in 20 Quarters) | | 646,780 | 646,780 | 0 |
| Total | | 5,174,243 | 5,821,023 | 0 |
| NON-COMPETE FEE (refer Note 16) | Opening Balance | 25,000,000 | 0 | 0 |
| | Paid on 30/09/2008 (To The Maxwealth Trust) | 0 | 30,000,000 | 0 |
| Amortisation Amount (Amortisation in 12 Quarters) | | 5,000,000 | 5,000,000 | 0 |
| Total | | 20,000,000 | 25,000,000 | 0 |
| Grand Total | | 25,174,243 | 30,821,023 | 0 |

For and on behalf of the Board

P Kishore Kumar
Director

Shilpa Sudhakar
Director

Place: Hyderabad
Date: 19th October 2009

TRIDENT MICROFIN PRIVATE LIMITED

(Formerly known as Annapurna Financial Services P Ltd)

SCHEDULE "T": SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2009**SIGNIFICANT ACCOUNTING POLICIES****1. Nature of Business**

Trident Microfin Private Limited (Formerly known as Annapurna Financial Services Private Limited) is a Non-Banking Finance Company registered with Reserve Bank of India. The company provides micro-finance facilities to low income women groups and farmer groups under group guarantee scheme and also to individuals. All the micro-finance loans are unsecured and do not have an underlying collateral. Micro-finance operation was commenced on 1st January 2008. Number of branches operational are 39. The minimum and maximum loan amounts are Rs.4000 and Rs.50000 respectively. The loan is generally sanctioned for 50 weeks or 18 months tenor with weekly or monthly repayments.

The company has covered risk due to death of borrowers by availing group insurance on the life of borrowers / spouse in arrangement with insurance companies.

The company also manages micro-finance portfolio on behalf of banks with whom it has entered into specific arrangements.

2. Basis of preparation of financial statements

The financial statements are prepared under historical cost convention on going concern basis in accordance with the provisions of The Companies Act, 1956 and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government to the extent applicable and in accordance with 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 as it stands today.

3. Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statement and the result of operations during the reporting period end. Although these estimates are made on reasonable and prudent basis based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

4. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and it can be reliably measured.

- a. Interest on loan is recognized on flat rate basis since it is charged to borrower accounts also on flat rate. Interest is recognized on accrual basis.
- b. Loan processing fee and member ship fee is charged and realized upfront and hence is recognized on receipt basis.
- c. Administrative Charges for insurance (ACI) collected from members upfront and recognized on receipt basis.
- d. All other incomes are recognized on accrual basis.

5. Fixed Assets

Fixed assets are accounted at historical cost net of depreciation. The cost of the asset includes purchase price and any cost attributable in bringing the asset in working condition for its intended use.

6. Depreciation

Depreciation has been provided on the written down value method at the rates prescribed under Schedule XIV of the Companies Act, 1956.

Fixed assets costing up-to Rs.5000 individually are fully depreciated in the year of purchase.

7. Impairment of Assets

The carrying amount of asset is reviewed at each balance sheet date if there is any indication of impairments based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

8. Intangible Assets

Acquired goodwill is amortised over five years.

Non Compete fee is amortised over the period for which it is in effect.

9. Employee Benefits

Monthly employer contribution towards provident fund is charged to Profit and Loss Account. The contribution is paid as per provisions of Employees Provident Fund and Miscellaneous Provisions Act, 1952.

Gratuity liability is to be provided based on actuarial valuation at the end of each year.

Other short term employee benefits are recognized on payment basis and charged to profit and loss account.

10. Income Taxes

Tax expenses include current, deferred and fringe benefit tax (government has withdrawn fringe benefit tax for finance year 2009-2010).

Current period tax is measured and accounted at the amount expected to be paid to Indian tax authorities in accordance with the provisions of Income Tax Act, 1961.

Deferred income tax reflects the effect of 'timing difference' between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured at the tax rates applicable for the relevant financial year as it stands at the time of finalization of the accounts.

11. Earnings per share

Basic earning per share is calculated by dividing the net profit or loss attributable to the equity share holders by the weighted average number of equity shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the net profit or loss for the period and weighted average number of equity shares are adjusted for the effects of all dilutive potential equity shares.

12. Provisions, Contingent liabilities and Contingent assets

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and in respect of which a reliable estimate is made.

Provisions are measured based on best judgment estimates of the management having regard to the prevailing conditions. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

13. Cash and Cash equivalents

Cash and cash equivalents include cash in hand and cash at bank.

14. Loan portfolio – Classification, provisioning and write off

The loan portfolio is classified as standard, sub-standard, doubtful or loss assets as per 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.

Provisioning for standard assets is maintained at 0.75% of the portfolio (0.4% has been prescribed by The Reserve Bank Of India vide its circular DBOD.BP.BC. 83 / 21.01.002/2008-09 dated 15th November 2008 titled Review of Prudential Norms – Provisioning for Standard Assets and Risk Weights for Exposures to Corporates, Commercial Real Estate and

NBFC-ND-SI) and in respect of other class of assets provisioning as per the above directions of RBI.

All over due loans which in the opinion of the management are not recoverable are written off. All other loan assets are written off as per above 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.

Under following circumstances, loans are written off:

- a) In case of extra-ordinary circumstances such as death of a customer or her/his spouse who is not insured, who is over-aged and in whose case the claim is rejected by the insurance company for any other reason and / or any other incident where in the opinion of the management amount is not recoverable.
- b) Where at the time of loan closure, a short collection of a few rupees occurs and in the opinion of the management, the cost of going again for collection for small amount is disproportionate.
- c) All the loss assets as identified in terms of Directions issued by Non Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

SCHEDULE "T" (Contd.) : NOTES TO ACCOUNTS

15. Share holding pattern:

The following is the share holding pattern of the company as on 31st March 2009:

| S.No | Name of share holder | Number of equity shares of value Rs.10 each | Percentage to total |
|------|-------------------------------------|---|---------------------|
| 1 | Kishore Kumar Puli | 1,39,100 | 1.60% |
| 2 | Bellwether Microfinance P Ltd | 29,09,091 | 33.52% |
| 3 | India Financial Inclusion Fund, LLC | 43,15,476 | 49.72% |
| 4 | Bellwether Microfinance Trust | 13,15,600 | 15.16% |
| | TOTAL | 86,79,267 | 100.00% |

16. Goodwill, Non-compete Fee and Integrated Protection Fund

During the half year ended 30th September 2008 the company purchased all business assets including the loan receivable portfolio from The Maxwealth Trust.

As part of the consideration Rs.3,00,00,000 was paid towards non-competing fee in agreement of The Maxwealth Trust not doing business of Micro-finance for a period of three years. This fee will be amortised over the period of three years

The sum of Rs.64,67,803 being the amount paid to The Maxwealth Trust in excess of the book value of assets (including fixed assets and loan to customers) purchased is treated as Goodwill. This value of Goodwill along with the goodwill carried in the books from previous year will be amortised over 5 year period.

During the portfolio acquisition the in-house fund reserve maintained by The Maxwealth Trust viz Integrated Protection Fund was also taken over. This fund reserve was generated from the amounts collected from all the members and used towards paying compensation to members or their spouses incase of their death and settling the loan out standing. The amount of fund reserve being Rs.16,92,668 as adjusted in the total consideration paid to The Maxwealth Trust.

17. Cash and Cash equivalents

Cash and bank balances of Rs.8,51,26,054 include fixed deposits with various banks of value Rs.4,41,86,791. The entire value of these fixed deposits have been offered as cash collateral to various banks for the term loan facility and are hence fully encumbered and lien marked in favour of the banks.

18. Contingent Liability on account of Sale of portfolio (securitization)

During the preceding financial year the company had sold portfolio aggregating to Rs.300 Lac to Development Credit Bank Limited at PAR value. The company continues to act as Collection Agent for this portfolio. As per the terms of the agreement the company is liable to the extent of 10% (Rs.30 Lac) of the portfolio value in case of the unfortunate issue of

loan / receivables in the portfolio becoming bad. The company has made term deposit of Rs.30 Lac with the Development Credit Bank as cash margin towards this liability. The lien on the term deposit will be released by the bank on successful management of the portfolio. This term deposit amount is included in the amount mentioned in note 17 above. The present outstanding of this portfolio is Rs.1,02,62,422 and this arrangement is likely to expire in the month of Dec 2009 by when the tenure of all loans in the portfolio will expire.

19. Earnings per share

| S.No | Particulars | Half Year ended 30.09.2009 | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|------|---|-------------------------------|--------------------------|--------------------------|
| 1 | Profit After Tax (Amount in Rupees) | 1,58,43,641 | 49,36,328 | 9,01,834 |
| 2 | Weighted Average number of equity Shares | 86,79,267 | 40,03,834 | 2,72,700 |
| 3 | Basic / Diluted earnings per Share | 1.83 | 1.23 | 3.31 |

20. Remuneration to Statutory Auditor

(Amounts in Rupees)

| Sl. No | Particulars | Half Year ended 30.09.2009 | Year Ended 31.03.2009 | Year Ended 31.03.2008 |
|--------|--------------------------------------|----------------------------------|--------------------------|--------------------------|
| 1 | Statutory Audit Fee | 63,000 | 2,29,550 | 22,500 |
| 2 | Tax Audit Fee | 0 | 25,000 | 0 |
| 3 | Certification Fee | 48,000 | 75,000 | 0 |
| 4 | Other Consultancy Matters | 35,000 | 1,07,750 | 0 |
| | TOTAL | 1,46,000 | 4,37,300 | 22,500 |

21. Remuneration to Managing Director

| S.No | Particulars | Half Year ended 30.09.2009 | As at 31.03.2009 | As at 31.03.2008 |
|------|--------------|----------------------------------|---------------------|---------------------|
| 1 | Salaries | 9,23,400 | 9,21,618 | 3,25,000 |
| 2 | Bonus | 0 | 5,40,000 | 3,00,000 |
| | TOTAL | 9,23,400 | 14,61,618 | 6,25,000 |

Note: Remuneration for year ended 31.03.2008 is for three months period

22. Names of Related Parties / Related Party Transaction

Names of Related Parties

| S.No | Particulars | Details |
|------|---------------------------------------|---|
| 1 | Equity holding substantial interest | 1. Bellwether Microfinance Fund P Ltd 2. Bellwether Microfinance Trust 3. India Financial Inclusion Fund, LLC |
| 2 | Key Management Personnel | 1. Kishore Kumar Puli, Managing Director |
| 3 | Relatives of Key Management Personnel | -NIL- |

Related party transactions

| S.No | Nature of transaction | Description of transaction | Related Party |
|------|-----------------------------------|----------------------------|--|
| 1 | Remuneration to Managing Director | Rs.9,23,400 | As per point 21 above for remuneration to Managing Director. |

23. Transfer to Statutory Reserve

Transfer to statutory reserve has been done as per provision of Section 45IC of the Reserve Bank of India Act, 1934.

24. Deferred tax liability / Asset

Deferred tax liability as per item 10 above is Rs3,86,411/- (at income tax rate of 33.99%).

25. Earnings and Expenditure in foreign exchange

During the period and in previous year earnings in foreign exchange were 'NIL'.

26. Employee Benefits

Gratuity provision has been created based on actuarial valuation for Rs.1,67,437 for the previous year. No provision has been made for the half year ended 30.09.2009.

27. Member Death Cases

In the case of death of member loan covered by insurance loss is not recognized since member life is covered by life insurance. The summary of cases where the member has expired and the insurance settlement is under process is:

| Number of cases | Loan Outstanding as of 30.09.09 (Amount in INR) |
|-----------------|---|
| 228 | 9,22,833 |

Summary of cases where insurance claim has been received from the insurance company and amount is to be settled to members / member loans are:

| Number of cases | Loan Outstanding as of 30.09.09 (Amount in INR) | Total Amount of claims received from insurer pending settlement as at 30.09.09 |
|-----------------|---|--|
| 79 | 3,68,522 | 8,55,000 |

Summary of cases where insurance cover on loan client life is not available

| Number of cases | Loan outstanding as of 30.09.09 (Amount in INR) |
|-----------------|---|
| 71 | 361280 |

28. Secured Loans availed from Banks and Financial Institutions

All secured term loans are secured against the specific portfolio of loan to members earmarked exclusively for each such loan. The directors have not given their personal guarantee for any of the term loans. Cash margins placed by the company for each such loan availed from banks or lending institutions are kept in fixed deposits with specific lien marked for each of such loan availed.

Car loan is secured against the vehicle financed.

29. Prior Period Adjustments

The following adjustments for the previous financial year ended 31st March 2008 were effected during the previous year ended 31.03.2009:

During the previous year the statutory auditors identified an error in the accounting cum operations software used by the company for part of the previous year. Due to this error the software was recognizing interest on loans for twice the due value (that is interest on loan was getting credit for twice the value). While one of the other aspect (debit aspect) of this was reflected in the individual loan ledger through 'interest accrued but not due ledger' as is the correct procedure; the second impact was observed in the "interest receivable" ledger classified under 'Current Assets Loans and Advances'. The balance in 'interest receivable' ledger is a non-existent asset; not realizable by the company. Because of this error the following was the impact on the financials:

1. Interest on loans for the year ended 31.03.08 was overstated to the extent of Rs.11,50,246. Hence profit (before tax) for the financial year ended 31st March 2008 was overstated by Rs.11,50,246.

2. An amount of Rs.7,32,195 was excess consideration paid to M/s Trident Seva Society as part of portfolio acquisition. This amount was paid towards the amount outstanding in the 'interest receivable' ledger.
3. The entire amount of 'Interest receivable' of Rs.18,82,441 (being Rs.7,32,195 acquired from M/s Trident Seva Society in January 2008 and Rs.11,50,246 accumulated in the same ledger due to overstatement of income) shown under 'Loan and Advances' in the previous year and reclassified under 'Other Assets' in the current year is a non-existent asset and hence not realizable by the company. Hence the assets of the company were overstated by Rs.18,82,441.

The board of directors has decided to write off this non-existent asset, by adjusting the outstanding amount of Rs.18,82,441 against the balance in General Reserve.

The company subsequently migrated to other software in which no major error has been noticed so far.

30. Previous years figures have been regrouped and reclassified wherever necessary to match with current year grouping and classifications

As per our report of even date

**For Vaithisvaran & Co.,
Chartered Accountants**

For and on Behalf of the Board

**S.Shankar Raman
Partner
M.No: 209163**

**Kishore Puli
Director**

**Shilpa Sudhakar
Director**

Place: Hyderabad
Date: 19th October 2009