

**AUDIT REPORT
&
STATEMENT OF ACCOUNTS**

**PALMA DEVELOPMENT FINANCE
PRIVATE LIMITED
14-26/1, "PALMALAYAM",
CHANGAI, KANJIRACODE P.O.,
MARTHANDAM, KANYAKUMARI - 629 155**

YEAR 2019 - 2020

**Arockiasamy & Charles
*Chartered Accountants***

E-7, Varapradha "Vasudhara",
78, TPK Road,
Madurai-625 003.

Phone : 0452 2602193

Email : arockiasamycharlesca@gmail.com



INDEPENDENT AUDITORS' REPORT

To
The Members
Palma Development Finance Private Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **Palma Development Finance Private Limited**, which comprise the Balance Sheet as at 31st March, 2020, and the Statement of Profit and Loss and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Emphasis of Matter

As more specifically explained in Note 2 to the financial statements, the Company has made a detailed assessment of its liquidity position for the next year and the recoverability and carrying value of its assets comprising property, plant and equipment, investments, inventory and trade receivables. Based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company continues to evaluate them as highly probable considering the orders in hand. The situation is changing rapidly giving rise to inherent uncertainty around the extent and timing of the potential future impact of the COVID-19 pandemic which may be different from that estimated as at the date of approval of the financial results. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Our opinion is not modified in respect of this matter.

Other Matters

Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till June 30, 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, the entire audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific



Considerations while conducting Distance Audit/Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications.

We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's responsibility for the financial statements

The Company's board of directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards



specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is



higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure "A"**, a statement on the matters specified in paragraphs 3 and 4 of the order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014, as amended from time to time;
- (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;



- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Madurai
Date: 02-12-2020

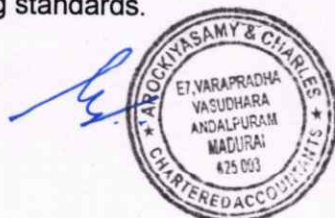


For M/s AROCKIASAMY & CHARLES
Chartered Accountants
Firm Regn. No: 018079S

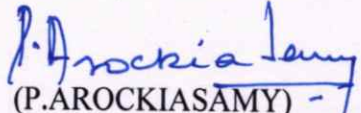

P. Arockiasamy
(P.AROCKIASAMY)
Partner (M. No 018348)

UDIN : 20018348AAAAKM9011

- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, hence the question of maintaining such accounts and records does not arise.
- (vii) (a) According to the records of the company and as per information and explanation given to us, the company generally is regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us there are no dues of income tax and sales tax or service tax or wealth tax or duty of customs or duty of excise or Goods & Service Tax or cess outstanding on account of any dispute as on 31st March 2020.
- (viii) There are no income has been surrendered or disclosed in various scheme like Voluntary Disclosure Scheme and Vivad Se Viswas during the year in the tax assessments under the Income Tax Act, 1961 and there are no unrecorded income in the previous financial years.
- (ix) The company has not taken loan from financial institutions or from the government and has not issued any debenture and thus paragraph 3 (ix) of the order is not applicable.
- (x) The company has not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xi) According to the information and explanation given to us, no materials fraud by the company or on the company by its officer or employees has been noticed or reported during the course of our audit..
- (xii) The company is not a Nidhi Company. Therefore, the provision of clause 3(xii) of the Order is not applicable to the company.
- (xiii) According to the information and explanation given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements of the Company as required by the applicable accounting standards.



- (xiv) The company is not required to appoint an internal auditor and thus the paragraph 3 (xiv) is not applicable.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- (xvi) The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly the company has registered itself with RBI.
- (xvii) The company has not incurred any cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There is no resignation of the statutory auditor during the financial year.
- (xix) In our opinion and according to the information and explanations given to us, There is no material uncertainty exist as on the date of the audit report and the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx) Since section 135 of the Companies Act, 2013 is not applicable to the company and hence the company is not required to comment upon the clause 3 (xx).
- (xxi) There is no reason for qualification or adverse remarks in our audit report and its financial statement.

<p>Place: Madurai Date: 02-12-2020</p>	<p>For M/s AROCKIASAMY & CHARLES Chartered Accountants Firm Regn. No: 018079S</p> <p> (P.AROCKIASAMY) - Partner (M. No 018348) UDIN: 20018348AAAKM9011</p> 
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Annexure "A" to the Independent Auditor's Report

The Annexure referred to in Independent Auditor's Report to the members of the company on the financial statements for the year ended on March 31, 2020. We report that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) A substantial portion of fixed assets have been physically verified by the management at reasonable interval and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, the company does not hold any immovable property and thus paragraph 3 (i) (c) of the Order is not applicable.
- (d) In our opinion and according to the information and explanation given to us, the company has not revalued its fixed assets during the year and thus paragraph 3 (i) (d) of the order is not applicable.
- (e) The company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made there under and thus paragraph 3 (i) (e) of the order is not applicable.
- (ii) The Company is in service sector. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies act, 2013. Accordingly, sub-clause (a),(b) and (c) are not applicable to the company.
- (iv) The Company has not given any loans, made any investments, provided any guarantees, and given any security and so the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable to the company.
- (v) The company has not accepted deposit from its members and hence the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the company.



Annexure "B" to the Independent Auditor's Report

Report on the internal financial controls over financial reporting under clause (i) of sub – section 3 of section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Palma Development Finance Private Limited as at March 31, 2020, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The board of directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the standards on auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of internal financial controls over financial reporting


Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management of override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject



to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

<p>Place: Madurai Date: 02-12-2020</p>	<p>For M/s AROCKIASAMY & CHARLES Chartered Accountants Firm Regn. No: 018079S</p>  <p><i>P. Arockiasamy</i> (P.AROCKIASAMY) .. Partner (M. No 018348) UDIN: 20018348AAAAKM9011</p>
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AUDITORS' REPORT TO MEMBERS PURSUANT TO NBFC (RESERVE BANK OF INDIA) DIRECTIONS 2008

We have audited the attached Balance Sheet of PALMA DEVELOPMENT FINANCE PRIVATE LIMITED, MARTHANDAM as at March 31, 2020 and the Statement of Profit and Loss Account for the year ended on that date annexed thereto and report that:

Further to our audit report of even date issued under Section 143 of the Companies Act, 2013, and as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank Directions 2008), and based on the information and explanations given to us and the records produced, we state below a statement on matters specified in paragraph 3 of the said Directions.

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

The Company has obtained a Certificate of Registration as Non-Banking Financial Company vide Certificate No.B-07.00520 dated November 15, 2000, pursuant to Section 451A of the Reserve Bank of India Act, 1934 (2 of 1934).

IN THE CASE OF NON-BANKING FINANCIAL COMPANY NOT ACCEPTING PUBLIC DEPOSITS (PARAGRAPH 3(C) OF THE ORDER):

The Board of Directors has passed a resolution in the meetings held on 28/08/2019 in respect of non-acceptance of any public deposits.


The Company has not accepted any Public Deposits during the period under review.

The Company has complied with the Prudential Norms relating to income recognition, assets classification, accounting standards and adoption of a prudent policy on provisioning for bad and doubtful debts, during the period ended March 31, 2020.

The Company has also followed the Capital Adequacy Norms. The Accounting Policies followed by the Company in respect of the same are reported in the notes forming part of accounts.

The company has fulfilled all the conditions stipulated by the RBI to be classified as an NBFC – MFI as given in the annexure to this report.

Margin Cap: The Company has not borrowed loans. The funding is from Own Sources.

<p>Place: Madurai Date: 02-12-2020</p>	<p>For M/s AROCKIASAMY & CHARLES Chartered Accountants Firm Regn. No: 018079S</p>  <p><i>P. Arockiasamy</i> (P. AROCKIASAMY) Partner (M. No 018348) UDIN: 20018348AAAAKM9011</p>
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8.ANNEXURE TO THE AUDITORS' REPORT ON NBFC DIRECTIONS

The degree of compliance with each of the conditions stipulated by the RBI vide circular No. DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 2, 2011 to be classified as an NBFC - MFI is as follows:

Sl. No	Conditions laid down by the RBI	Degree of compliance
1	Maintaining a minimum Net Owned Fund of Rs 5 crores	Net owned funds as on 31.3.2020 is Rs. 5,04,74,218/-
2	Qualifying asset should not less than 85% of the total assets of MFI	Total qualifying asset is 96.84% of the total assets of the MFI
3	Loan disbursed to a borrower with a rural household annual income not exceeding Rs. 1,00,000/- or urban and semi-urban household income not exceeding Rs. 1,60,000/-.	Palma Development Finance Private Limited is obtaining declaration from each prospective borrower prior to sanctioning the loan regarding their annual income level.
4	Loan amount does not exceed Rs. 60,000/- in the first cycle and Rs. 1,00,000/- in subsequent cycles	Palma Development Finance Private Limited is providing need based loan to the individuals after due appraisal. The quantum of loan is decided based on the ceiling as applicable under each loan cycle. However the loans do not exceed Rs.10,000 under first cycle and Rs.12,000/- for second cycle and Rs.15,000/-for third cycle
5	Total indebtedness of the borrower does not exceed Rs. 1,00,000/-.	Palma Development Finance Private Limited is obtaining declaration from each prospective borrower prior to sanctioning the loan regarding their total indebtedness and also ensures that their total borrowings do not exceed Rs.50,000/- Palma has also become a member of high mark bureau.
6	Tenure of the loan not to be less than 24 months for loan amount in excess of Rs. 30,000 with prepayment without penalty	Palma Development Finance Private Limited loan products in accordance with RBI guidelines - repayment tenure of not less than 2 years for loans above Rs.15,000/-
7	Loan to be extended without collateral	Palma Development Finance Private Limited is lending loans to individual without any collateral
8	Aggregate amount of loans, given for income generation, is not less than 75 per cent of the total loans given by the MFIs	Not less than 75% of Palma loans are given only for the purpose of income Generation
9	Loan is repayable on weekly, fortnightly or monthly installments at the choice of the borrower	Palma Development Finance Private Limited is adhering to this guideline.



10	Interest on individual loans should not be more than 26% per annum, calculated on reducing balance basis	Palma Development Finance Private Limited is adhering to this guideline.
11	Processing Fee should not exceed 1% of the gross loan amount.	Palma Development Finance Private Limited is not collecting processing fee for the loan amount
12	Only three components are to be included in pricing of loans viz., (a) Processing Fee not exceeding 1% of the gross loan amount; (b) Interest and (c) insurance premium.	Palma Development Finance Private Limited is adhering to this guideline.
13	Only the actual cost of insurance should be recovered; administrative charges to be recovered as per IRDA guidelines.	Palma Development Finance Private Limited charges only the actual cost of insurance from the borrowers.
14	There should not be any penalty for delayed payment.	Palma Development Finance Private Limited is not charging any penalty for delayed payment
15	No Security Deposit / Margin are to be taken.	Palma Development Finance Private Limited is not taking any security deposit/ margin for lending.

Place: Madurai
Date: 02-12-2020



For M/s AROCKIASAMY & CHARLES
Chartered Accountants
Firm Regn. No: 0180795

P. Arockiasamy
(P. AROCKIASAMY)

Partner (M. No 018348)

UDIN: 20018348AAAAKM9011

PALMA DEVELOPMENT FINANCE PRIVATE LIMITED
CIN : U65999TN1990PTC104347
11/61/1, Vellivilagam, Changai, Kanjiracode,
Marthandam, Kanyakumari District, Tamilnadu - 629 155
Balance Sheet as at March 2020

Particulars	Note No	Amounts in Rs.	
		Apr' 2019 - Mar 2020	Apr'2018 - Mar'2019
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	26,282,500	26,282,500
(b) Reserves and Surplus	2	24,191,718	24,160,087
(c) Money received against share warrants		-	-
(2) Share application money pending allotment		-	-
(3) Non-Current Liabilities		-	-
Defferred Tax Liability		-	-
(4) Current Liabilities		-	-
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	3	1,215,137	892,396
(d) Short-term provisions	4	479,226	589,917
Total		52,168,581	51,924,900
II.Assets			
(1) Non-current assets			
(a) <i>Fixed assets</i>			
(i) Tangible assets	5	782,244	896,063
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments		-	-
(c) Deferred tax assets (net)	6	73,957	72,352
(d) Long-term loans and advances		-	-
(e) Other non-current assets		-	-
(2) Current assets			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Receivables from service activity	7	50,519,611	50,350,768
(d) Cash and cash equivalents	8	602,603	259,875
(e) Short-term loans and advances	9	190,166	345,842
(f) Other current assets		-	-
Total		52,168,581	51,924,900

The Notes referred to above form an integral part of the financial statements.

As per our report of even date attached .

For Arockiasamy & Charles

Firm Registration Number : 018079S

Chartered Accountants

P. Arockiasamy
P. Arockiasamy
Partner

Membership No.018348

UDIN: 20018348AAAAKM9011

Place : Madurai

Date : 02-12-2020



S. Anbaian

S. Anbaian
Managing Director

R. Jayakumari
R. Jayakumari
Director

PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

CIN : U65999TN1990PTC104347

11/61/1, Vellivilagam, Chankai, Kanjiracode,

Marthandam, Kanyakumari District, Tamilnadu - 629 155

Statement of Profit and Loss for the year ended 31st March 2020

	Particulars	Note No	Amounts in Rs.	
			Apr'2019 - Mar 2020	Apr'2018 - Mar 2019
I.	Revenue from operations	10	3,131,511	4,184,149
II.	Other Income	11	5,500	7,405
III.	Total Revenue (I +II)		3,137,011	4,191,554
IV.	<u>Expenses:</u>			
	Employee benefit expense	12	1,858,291	2,662,045
	Financial costs	13	-	2,575
	Depreciation Expenses	5	113,820	133,885
	Provision for Loans	14	13,072	466,154
	Other expenses	15	1,111,252	911,238
	Total Expenses		3,096,435	4,175,897
V.	Profit before exceptional and extraordinary items and tax (III - IV)		40,576	15,657
VI.	Exceptional Items (Provision for standard Assets - Reversed)		-	124,135
VII.	Profit before extraordinary items and tax (V - VI)		40,576	139,792
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		40,576	139,792
X.	Tax expense:			
	(1) Current tax		10,550	123,763
	(2) Deferred tax		(1,605)	-
XI.	Profit/(Loss) from the period from continuing operations (IX - X) After Tax		31,631	16,029
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Tax expense of discounting operations		-	-
XIV.	Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV.	Profit/(Loss) for the period (XI + XIV)		31,631	16,029
XVI.	Earning per equity share:			
	(1) Basic		0.12	0.06
	(2) Diluted		0.12	0.06

The Notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For Arockiasamy & Charles

Firm Registration Number : 018079S

Chartered Accountants

P. Arockiasamy
P. Arockiasamy

Partner

Membership No.018348

UDIN: 20018348AAAAKM9011

Place : Madurai

Date : 02-12-2020



S. Anbaian

S. Anbaian
Managing Director

R. Jayakumari

R. Jayakumari
Director

PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

CIN : U65999TN1990PTC104347

11/61/1, Vellivilagam, Chankai, Kanjiracode,

Marthandam, Kanyakumari District, Tamilnadu - 629 155

Cash Flow Statement for the year ended March 31, 2020

Particulars	Amounts in Rs.	
	2019-20	2018-19
A. Cash flow from operating activities		
Profit Before Tax	40,576	139,792
Add : Depreciation	113,820	133,885
Less: Interest income from Fixed deposit	-	-
Add: Provisions	-	-
Add: Preliminary Expenses Written off	-	-
Add: Loss on sale / impairment	-	-
Operating profit before working capital changes	154,396	273,677
Adjustments for (increase)/decrease in operating assets:		
Receivables under Financing Activities	(168,843)	(696,953)
Short-term loans and advances	155,676	114,665
Adjustments for increase/(decrease) in operating liabilities:		
Other current liabilities	322,741	128,136
Short term provision	(110,691)	424,260
CASH: (Used in) From Operation		
Less: Direct Taxes Paid	(10,550)	(123,763)
Add: Interest on Income tax Refund		
Net cash (Used in)/from operating activities	(A) 342,729	120,022
B. Cash flow from investing activities		
Purchase of Fixed Assets	-	-
Net cash (Used in) / from investing activities	(B) -	-
C. Cash flow from financing activities		
Proceeds from issuance of share capital	-	-
Proceeds from Share application money	-	-
Proceeds from Short term borrowings	-	-
Repayment of short term borrowings	-	(40,030)
Net cash (Used in) / from financing activities	(C) -	(40,030)
Net Increase/(Decrease) in Cash and Cash Equivalents	(A)+(B)+(C) 342,728	79,992
Cash and Cash Equivalents at the beginning of the Year	259,875	179,883
Cash and Cash Equivalents at the end of the Year	602,603	259,875

For Arockiasamy & Charles

Firm Registration Number : 018079S

Chartered Accountants

P. Arockiasamy
P. Arockiasamy

Partner

Membership No.018348

UDIN: 20018348AAAAKM9011

Place : Madurai

Date : 02-12-2020



S. Anbaian

S. Anbaian
Managing Director

R. Jayakumari

R. Jayakumari
Director

PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

CIN : U65999TN1990PTC104347
11/61/1, Vellivilagam, Chankai, Kanjiracode,
Marthandam, Kanyakumari District, Tamilnadu - 629 155

Notes forming part of the financial statements for the year ended 31st March 2020

Note No	Particulars	Amounts in Rs.	
		Apr'2019 - Mar 2020	Apr'2018 - Mar 2019
1	Share Capital		
	Equity Share Capital (Refer Annexure)	26,282,500	26,282,500
	Total	26,282,500	26,282,500
2	Reserves and Surplus		
	Statutory Reserve Fund		
	Opening Balance	1,368,036	1,364,830
	Add: Current year transfer from surplus	6,326	3,206
	Total (A)	1,374,362	1,368,036
	Reserve - Share Premium		
	Shares issued - 2013-14	3,665,625	3,665,625
	Shares issued - 2014-15	12,150,000	12,150,000
	Total (B)	15,815,625	15,815,625
	General Reserve		
	Opening Balance	6,976,426	6,963,603
	Add: current year surplus	31,631	16,029
	Less: Current year transfer to reserves	(6,326)	(3,206)
	Total (C)	7,001,731	6,976,426
	Total (A+B+C)	24,191,718	24,160,087

By virtue of the statutory provisions of Chapter III B of RBI Act, 1934 as applicable to NBFC's, the company has appropriated 20 percent of the current year profits after tax equal in **Rs.6,326/-** to the Statutory Reserve Fund (previous year **Rs.3,206/-**), to adhere to the regulatory direction of RBI.

3	Other current liabilities		
	Statutory Remittances		
	EPF Deduction to be Remitted	20,607	(5,165)
	ESI Deduction to be Remitted	14,011	12,052
	PEMBA- Staff Deduction to be Remitted	30,608	39,314
	Other Staff Deduction to be Remitted	5,361	5,361
	Annual Staff Savings	4,500	4,500
	Gratuity Payable	942,880	739,634
	Income Tax Payable	120,470	-
	Other payables		
	Audit Fee Payable	76,700	76,700
	Office Rent Payable	-	20,000
	Total	1,215,137	892,396
4	Short-term provisions		
	Contingent Provision Against standard Assets	479,226	466,154
	Provision for Income Tax	-	123,763
	Total	479,226	589,917



PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

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11/61/1, Vellivilagam, Chankai, Kanjiracode,
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Note 1.1 Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule III to the Companies Act, 2013

Share Capital	April 2019 - March 2020		April 2018 - March 2019	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs. 100 each	300,000	30,000,000	300,000	30,000,000
Issued				
Equity Shares of Rs. 100 each	262,825	26,282,500	262,825	26,282,500
Subscribed & Paid up				
Equity Shares of Rs. 100 each fully paid	262,825	26,282,500	262,825	26,282,500
Subscribed but not fully Paid up				
Equity Shares of Rs. 100 each, not fully paid up	-	-	-	-
Total	262,825	26,282,500	262,825	26,282,500

Note 1.2 Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule III to the Companies Act, 2013

Particulars	Equity Shares	
	Number	Rs.
Shares outstanding at the beginning of the year	262,825	26,282,500
Shares issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	262,825	26,282,500

Note 1.3 Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule III to the Companies Act, 2013 (if more than 5%)

Name of Shareholder	April 2019 - March 2020		April 2018 - March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Palma Thozhilalar Peravai	111,481	42.42%	111,481	42.42%
Palma Mahalir Suya Uthavikuzhu Koottamaippu	131,194	49.92%	131,194	49.92%
Palma Employees Mutual Benefit Association	20,000	7.61%	20,000	7.61%
Mrs. J. Santhi	150	0.06%	150	0.06%
Total	262,825	100.00%	262,825	100.00%



PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

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Notes forming part of the financial statements for the year ended 31st March 2020

NOTE : 5 - TANGIBLE ASSETS SCHEDULE AS PER COMPANIES ACT, 2013

(Rs.)

Sl No	Date	Asset	Original Cost of the Assets			Depreciation Rate - SLM (%)	No of Days	Depreciation				WDV as on 31.03.2020	WDV as on 01.04.2019	
			Opening Balance as on 1.4.2019	Addition	Deletion			Closing Balance as on 31.3.2020	Accumulated Depreciation as on 1.4.2019	Depreciation Charged to Profit & Loss Account	Depreciation on assets sold During the year			Accumulated Depreciation as on 31.3.2020
Furniture & Fittings 9.50%														
1	26-03-2014	Furniture	40,000	-	-	40,000	9.50%	365	17,538	2,134	-	19,672	20,328	22,462
2	06-04-2015	Furniture	122,900	-	-	122,900	9.50%	365	43,202	7,571	-	50,773	72,127	79,698
3	23-04-2015	Furniture	10,000	-	-	10,000	9.50%	365	3,475	620	-	4,095	5,905	6,525
4	28-04-2015	Furniture	15,000	-	-	15,000	9.50%	365	5,195	931	-	6,127	8,873	9,805
5	02-05-2015	Furniture	18,500	-	-	18,500	9.50%	365	6,391	1,150	-	7,541	10,959	12,109
6	14-05-2015	Furniture	17,500	-	-	17,500	9.50%	365	5,996	1,093	-	7,089	10,411	11,503
7	01-09-2015	Furniture	22,200	-	-	22,200	9.50%	365	7,036	1,441	-	8,476	13,724	15,164
8	23-11-2015	Furniture	6,640	-	-	6,640	9.50%	365	1,974	443	-	2,417	4,223	4,666
9	25-11-2015	Furniture	33,900	-	-	33,900	9.50%	365	10,061	2,265	-	12,326	21,574	23,839
10	15-04-2016	Furniture	9,700	-	-	9,700	9.50%	365	2,521	682	-	3,203	6,497	7,178
11	14-10-2016	Furniture	14,120	-	-	14,120	9.50%	365	2,459	1,108	-	3,566	10,554	11,662
		Sub Total	310,460	-	-	310,460			105,847	19,438	-	125,285	185,175	204,611
Motor Vehicles - 11.88%														
1	16-06-2015	Mahindra Bolero	828,239	-	-	828,239	11.88%	365	340,270	57,971	-	398,241	429,998	487,969
		Sub Total	828,239	-	-	828,239			340,270	57,971	-	398,241	429,998	487,969



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Notes forming part of the financial statements for the year ended 31st March 2020

NOTE : 5 - TANGIBLE ASSETS SCHEDULE AS PER COMPANIES ACT, 2013

(Rs.)

SI No	Date	Asset	Original Cost of the Assets			Depreciation Rate - SLM (%)	No of Days	Depreciation				WDV as on 31.03.2020	WDV as on 01.04.2019	
			Opening Balance as on 1.4.2019	Addition	Deletion			Closing Balance as on 31.3.2020	Accumulated Depreciation as on 1.4.2019	Depreciation Charged to Profit & Loss Account	Depreciation on assets sold During the year			Accumulated Depreciation as on 31.3.2020
Office Equipments - 19.00%														
1	13-05-2015	Generator	268,000	-	-	268,000	19.00%	365	169,810	18,656	-	188,466	79,534	98,190
		Sub Total	268,000	-	-	268,000			169,810	18,656	-	188,466	79,534	98,190
Computers - 31.67%														
1	20-03-2014	Computer	76,200	-	-	76,200	31.67%	365	76,200	-	-	76,200	-	-
2	28-01-2015	Laptop	10,000	-	-	10,000	31.67%	365	9,129	276	-	9,405	595	871
3	09-02-2015	Laptop	11,000	-	-	11,000	31.67%	365	9,926	340	-	10,266	734	1,074
4	11-03-2015	Printer	155,800	-	-	155,800	31.67%	365	136,423	6,137	-	142,560	13,240	19,377
5	24-08-2016	Computer & Printer	44,000	-	-	44,000	31.67%	365	32,307	3,703	-	36,010	7,990	11,694
6	12-05-2016	LED Monitor	6,500	-	-	6,500	31.67%	365	4,548	618	-	5,166	1,334	1,951
		Sub Total	303,500	-	-	303,500			268,533	11,074	-	279,608	23,892	34,967

Electrical Installation and Equipments - 9.50%

1	17-06-2015	CCTV Camera	64,045	-	-	64,045	9.50%	365	21,427	4,049	-	25,476	38,569	42,618
2	12-08-2016	DSLR Camera	34,800	-	-	34,800	9.50%	365	7,093	2,632	-	9,725	25,075	27,708
		Sub Total	98,845	-	-	98,845			28,520	6,681	-	35,201	63,644	70,326
		Total	1,809,044	-	-	1,809,044			912,980	113,820	-	1,026,800	782,244	896,063



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Notes forming part of the financial statements for the year ended 31st March 2020

Note No	Particulars	Amounts in Rs.	
		Apr'2019 - Mar 2020	Apr'2018 - Mar 2019
6	Deferred tax assets (net)		
	Opening Balance	72,352	72,352
	Add : Deferred tax during the year	1,605	-
		73,957	72,352
7	Receivables From Financing Activities		
	PEMBA - Staff Loan	3,462,701	3,436,701
	Mantram Members Loan	21,254,062	23,166,224
	SHGs' Loan	19,970,235	22,204,059
	Palma Thozhilalar Peravai	2,900,428	627,098
	Palam Women SHG Federation	2,932,185	916,686
	Total	50,519,611	50,350,768
8	Cash and cash equivalents		
	Cash in Hand	39,602	-
	Balance with banks	563,001	259,875
	Total	602,603	259,875
9	Short term loans and advances - Others		
	Interest Accrued	176,296	164,869
	Income Tax (Advance)	-	(32,997)
	Rent Deposit	10,000	210,000
	Staff Advance	3,870	3,970
	Total	190,166	345,842
10	Revenue from Operations (for finance)		
	Interest Income	3,131,511	4,184,149
	Total	3,131,511	4,184,149
11	Other Income		
	Miscellaneous Receipts	5,500	7,405
	Total	5,500	7,405



PALMA DEVELOPMENT FINANCE PRIVATE LIMITED

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11/61/1, Vellivilagam, Chankai, Kanjiracode,
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Note No	Particulars	Amounts in Rs.	
		Apr'2019 - Mar 2020	Apr'2018 - Mar 2019
12	Employee Benefits Expense		
	Salaries and wages	1,619,208	1,736,264
	EPF Mgmt. Contribution	146,212	160,271
	ESI Employer Contribution	14,021	39,059
	Whole Time Director Salary	-	552,336
	Staff Welfare Expenses	8,400	15,865
	Field Travel Allowance	70,450	158,250
	Total	1,858,291	2,662,045
13	Finance Cost		
	Interest on Vehicle Loan	-	2,575
	Total	-	2,575
14	Provision for Loan (Standard Assets)		
	Provision @1% on MF Loans	470,569	453,703
	Provision @0.25% on other Loans	8,657	12,451
	Less :		
	Provision for FY 2018-19 (Reversed)	(466,154)	-
	Total	13,072	466,154



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11/61/1, Vellivilagam, Chankai, Kanjiracode,
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Note No	Particulars	Amounts in Rs.	
		Apr'2019 - Mar 2020	Apr'2018 - Mar 2019
15	Other Expenses		
	Audit Fee	76,700	76,700
	Audit Expenses	-	11,570
	Advertisement Charges	3,702	-
	Bank Charges	9,503	11,169
	Communication Expenses	20,082	36,917
	Conveyance and Travelling Expenses	296,034	215,569
	Driking Water	1,040	2,360
	E-Filing Charges	11,350	-
	Electricity & Fuel	8,311	7,790
	Newspaper & Periodicals	1,340	1,350
	Office Rent	300,000	325,000
	Office cost	121,459	33,088
	Postage & Courier	771	1,633
	Legal Expenses	6,800	-
	Printing & Stationery	6,253	10,252
	Retainer Fees Company Secretary	29,000	-
	Repair & Maintenance	104,501	35,820
	Review Meeting Expenses	4,547	7,960
	Secretarial Service	-	36,940
	Subscription & Membership	-	47,200
	Vehicle Insurance	18,376	18,370
	Interest on Income Tax	683	4,018
	Vehicle Running Expenses	90,800	27,532
	Total	1,111,252	911,238



NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020

12. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 2013. The financial statements are prepared under the historical cost convention, on an accrual basis of accounting in accordance with the generally accepted accounting principles to the extent applicable and adopted in adherence to the accounting standards and guidance notes issued by the Institute of Chartered Accountants of India (ICAI), except otherwise stated and in compliance to the directions issued from time to time by the Reserve Bank of India for Non-Banking Financial (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2009.

Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provision for employee benefits. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results may vary from these estimates.

Revenue Recognition

Interest on loans is recognized on accrual basis.

Interest charges on loans given to borrowers are recognized on reducing balance method
Loan Processing fees charged by lenders are recognized as expense on upfront basis.

Documentation charges are due at the time of disbursement and is recognized as income on upfront basis

Income on Non-performing Assets is recognized only when realized and any interest accruing on such assets is de-recognized totally by reversing the unrealized interest income already recognized
Interest income on deposits with banks is recognized on a time proportion basis taking into account the rate applicable and the amount outstanding

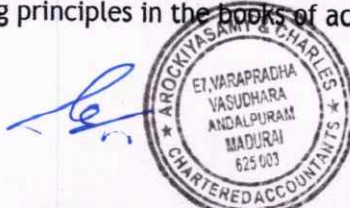
The company follows the prudential norms for income recognition and asset classification as prescribed by the Reserve Bank of India (RBI) for Non-Deposit taking Non-Banking Finance Companies (NBFC-MFI).

Interest on loans which has been classified as Non-Performing Assets (NPA) is accounted for on cash basis. Income on non-performing assets is recognized only when realized and no interest which remains overdue for more than six months at the end of the accounting period is treated as income. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization/collection

Grants and Donations

Capital grants for asset acquisition are recognized as Capital Reserve, under the head 'Reserves & Surplus'. Depreciation on such assets is reduced from the Capital Reserve.

In respect of assets received in kind, the estimated market value as on the date of receipt is recognized as Capital Reserve, under the head 'Reserves & Surplus'. (Refer Notes *infra*) Depreciation on such assets is reduced from the Capital Reserve. The company has not received any grant asset during the current year under review, however the depreciation on such type of assets acquired in the past continues to be provided at the applicable rates and stated appropriately in accordance with prudent accounting principles in the books of accounts of the company.



Fixed Assets

The Gross Block of Fixed Assets is stated at cost of acquisition including any cost attributable to bring the assets to their working condition for their intended use. The Fixed Assets are carried at cost less depreciation.

Depreciation

Depreciation is provided on straight line method at the rates as prescribed under Schedule XIV to Companies Act 2013.

Category of Assets	Rate (%)
Furniture & Fixtures	9.50%
Computer Hardware & Accessories	31.67%
Office Equipments(Generator)	19.00%
Electrical Installation & Equipments	9.50%
Motor Vehicle / Motor cycles, Scooters	11.88%

In respect of additions the depreciation is provided pro-rata from the date assets are put to use. Depreciation on assets received in kind is provided at the respective rates and recognized as other income in the Profit and Loss Account and reduced from the Capital Reserve. Individual Fixed assets costing Rs.5,000/- or less are fully depreciated in the year of purchase.

Investments

Since the company has not made any current investments the need for valuing at lower of cost or net asset value (NAV) does not arise.

Loans & Advances

Loans are classified as standard assets, sub-standard assets and doubtful assets and loss assets in terms of the Non-Banking Financial Companies Norms (Reserve Bank) Directions- 2007 as follows:

Description	31 st March 2020	31 st March 2019
Standard Assets	5,05,19,611	5,03,50,768
Sub-standard Assets	Nil	Nil
Doubtful Assets	Nil	Nil
Loss Assets	Nil	Nil
Total (Rs.)	5,05,19,611	5,03,50,768

Provision for Loan Losses

Regarding provision for loan losses the management has adopted a definite policy which is based on RBI provisioning norms

Period	% of Past due
From 91 days up to 120 days	0%
From 120 days up to 180 days	0%
Above 180 days	0%

On the above basis, the company now maintains a total provision of Rs.Nil/- (after considering a write off of Rs. Nil /-) as at the end of 31st March 2018 as against the previous year's provision of Rs.Nil /- (after considering a write off of Rs Nil /-) as at the end of 31st March 2017 respectively, thereby requiring a further provision of (Rs. Nil /-)- (Previous year Rs.Nil/-) now credited to the current year's income and expenditure account of the company.



Provision for Standard Assets

Regarding provision for Standard Assets the management has adopted a definite policy i.e., 1% on Micro Finance Loans and 0.25% on other loans, which is based on Chapter VIII Paragraph 48(ii)(b) of Master Direction- Non Banking Financial Company - Non-Systemically important Non-Deposit taking Company (Reserve Bank) Direction, 2016 dated 1st September 2016.

Provision for Standard Assets to FY 2019-20 (i) Micro Finance Loans of Rs.4,70,56,811 @1% is Rs.4,70,569 and (ii) Other Loans of Rs.34,62,800 @ 0.25% is Rs.8,657 amounting to Rs.4,79,226 which is made on the basis of RBI Guidelines.

Write-Off Policy

Loans are written off when the management has exhausted all options for recovery of overdue principal and interest on such loans which are deemed bad and irrecoverable.

The management after exercising all options to recover the chronically bad loans, for which provisions were already made during the previous years, has considered a write-off of Rs Nil /- {Previous year Rs. Nil /-} as bad debts against the current year's income and expenditure account of the company.

Employee Benefit

In respect of defined contribution schemes, contributions to Employees Provident Fund and Family Pension Fund and Employees State Insurance Schemes are accounted on actual liability basis when becoming due and would be paid to statutory authorities, within the prescribed time.

Employees were also trained on Team Building, Strategic planning and client protection policy. The senior branch staff were trained on Community assessment program. Field employees are frequently trained on new products and processes.

Provisions for Contingent Liabilities and Contingent Assets

Provisions are recognized only when the company has present legal or constructive obligations as a result of past events for which it is probable that a reliable estimate can be made for the amount of the obligation requiring an outflow of economic costs to settle the transaction. A contingent liability is created as mentioned in 1.8.13

Taxes on Income

Income Tax is computed in accordance with Accounting Standard-22(AS-22)'Accounting for Taxes on Income'. Tax expenses are accrued in the same period as the revenue and expenses to which they relate.

Provision for current income tax is made on the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the prevailing tax laws. The differences between taxable income and the net profit/loss before tax for the year as per the financial statements are identified and the tax effect of the deferred tax asset or deferred tax liability is recorded for timing differences, i.e. differences that originate in one accounting period and reversed in another. The tax is calculated on accumulated timing differences at the end of the accounting year based on applicable tax rates. Deferred tax assets/liabilities are reviewed as at the end of each Balance Sheet date.

Deferred Tax

Deferred tax assets and liabilities are determined using the liability method for all timing differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantially enacted before the statement of financial position date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilized.

Deferred tax assets and liabilities are only offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.



13. NOTES FORMING PARTS OF ACCOUNTS

Business Operations

The Company is primarily engaged in Micro Finance and Developmental Services directed to the ultimate benefit of poor women (Organized in the form of Self-help Groups) for enhancement of their livelihoods in a financially stable manner and provide financial support to these women Self-help groups through Community based Mutual Benefit Trusts constituted by such groups.

The Self-help Group Mutual Benefit Trusts hold 100% in the equity paid up capital of the Company

The Company is a non-deposit taking Non-Banking Finance Company (NBFC-ND). The Company has received a Certificate of Registration vide No: B-07.00520 dated 15th November 2000 from the Reserve Bank of India to carry on the business of Non-Banking Financial institution without accepting deposits. The Company has subsequently converted to NBFC-MFI with effect from 13th January 2018.

Company's operations cover both urban and rural Tamil Nadu.

The Company also undertakes Financial Literacy, Business Skills Training and women empowerment programmes towards a holistic transformation of the communities it serves.

SEGMENT INFORMATION

The Company is primarily engaged in the business of Micro Financing. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographical segments other than India. As such there are no separate reportable segments as AS-17 "Segment Reporting".

Operating Activity Details

Particulars	2019-20	2018-19
Loan Disbursements - MF loan (In Rs.)	45,161,993	50,693,327
Loan Disbursements - Bulk loan (In Rs.)		
No. of groups given loans -New	33	76
No. of groups given loans – Re-loaned	468	456
No. of groups given loans -Total	501	532
No. of client borrowers -New	231	532
No. of client borrowers – Re-loaned	3,332	3,724
No. of client borrowers -Total	3,563	4,256
Average. Per capita loan size (In Rs.)	13,207	11,911
Average. Loan size per SHG (In Rs.)	92,500	95,288
Active borrowers at end of the year (loans)	531	553
Active clients at end of the year (head count)	3,717	4,923
No. of members enrolled (Incl. pending orientation)	16,890	17,480
On time repayment ratio (0 days)		
Outstanding portfolio	47,056,910	45,370,283
PAR > 30 days...	3,764,550	3,629,518
PAR > 90 days...		
Total staff (strength)	16	16
Total CROs		



MF Loans Disbursement - Federations wise - in Rupees

Federation	2019-20				2018-19			
	Short term		Long term		Short term		Long term	
	No of SHGs	Amount	Nos.	Amount	No of SHGs	Amount	Nos.	Amount
Women SHG Federation	339	21,277,442			267	25,165,880		
Palma Thozhilalar Peravai	162	23,884,551			265	25,527,447		
Total	501	45,161,993			532	50,693,327		

Short term < 2 Year, Long term =>2 Years

LONG-TERM & SHORT-TERM LOANS AND ADVANCES

Loans to SHG (outstanding)

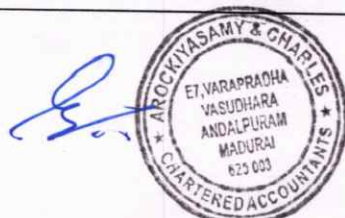
S. No.	Federation	31-Mar-20			31-Mar-19		
		No. of Group	Long Term	Short Term	No. of Group	Long Term	Short Term
1	Palma Mahalir Suyauthavikuzhu Koottamaippu	369		22,902,420	274		22,204,059
2	Palma Thozhilalar Peravai	162		24,154,490	279		23,166,224
3	PEMBA						
	Total	531		47,056,910	553		45,370,283

Short term < 2 Year, Long term =>2 Years

Product-wise Classification (Outstanding)

Name of the Product	31-Mar-20				31-Mar-19			
	Long term		Short term		Long term		Short term	
	No.of Loans	Loan O/s	No.of Loans	Loan O/s	No.of Loans	Loan O/s	No.of Loans	Loan O/s
Small Group Loan			531	47,056,910			553	45,370,283
Housing Improvement Loan								
Group Education Loan								
Bulk Loan								
Total			531	47,056,910			553	45,370,283

Short term < 2 Year, Long term =>2 Years



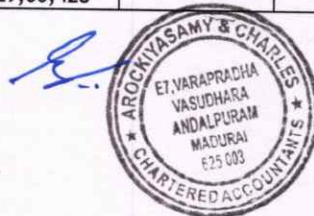
Analysis of Portfolio at Risk:

Particulars	Portfolio at risk			
	31-Mar-20		31-Mar-19	
	No. of Loans	Loan O/s	No. of Loans	Loan O/s
Current	381	33,835,938	398	32,623,181
1-30 days late	107	9,442,588	110	9,104,144
31-60 days late	36	3,147,530	37	3,034,715
61-90 days late	7	630,854	8	608,243
Sub Total	531	47,056,910	553	45,370,283
91-120 days late				
> 120 days late				
Total	531	47,056,910	553	45,370,283

Short Term Loans and Advances		
Particulars	31-Mar-20	31-Mar-19
Micro Finance Loans recoverable within 12 months		
PEMBA Members Loan		-
Matram Members Loan	24,154,490	23,166,224
Nava Vikas Loan	6,784,006	8,337,869
SHG Members Loan	16,118,414	13,866,190
Of the above:		
- Considered Good	47,056,910	45,370,283
- Sub - standard Receivables		
- Doubtful Receivables		
- Loss Assets		
TOTAL	47,056,910	45,370,283

LOANS (UNSECURED) (Refer Note for Related Party Disclosures as per AS-18)

Sl. No	Name of Borrower/ Members	Balance outstanding as on 31.03.20	Balance outstanding as on 31.03.19	Rate of Interest	Repayment period	Security Details
1	Palma Mahalir Suyauthavikuzhu Koottamaippu	29,32,185	9,16,686	9.20%	12Months	Membership
2	Palma Thozhilalar Peravai	29,00,428	6,27,098	12%	12Months	Membership



Related Party Transactions

Nature of Relationship	Name of the Party	
	31 st March 2020	31 st March 2019
Key Management Personnel are Interested	S.Anbaian (Managing Director) & R.Jayakumari (Director)	S.Anbaian (Managing Director) R.Jayakumari (Director)

Transactions with Related Parties

Nature of Transactions	Related Party	For the year ended			
		31.03.2020		31.03.2019	
		Dr	Cr	Dr	Cr
Trade Receivables	Palma Thozhilalar Peravai – S.Anbaian (President)	29,00,428		6,27,098	
Trade Receivables	Palma Mahalir Suya Uthavikuzhu Koottamaipu – R.Jayakumari (President)	29,32,185		9,16,686	

Supplementary Information: Audit Fees

Particulars	For the year ended 31.03.2020 (in Rs.)	For the year ended 31.03.2019(in Rs.)
Statutory Audit	65,000	65,000
Add: GST @ 18%	11,700	11,700
Total	76,700	76,700

Miscellaneous:

- No amount is due to any Small Scale Industrial undertaking by the Company
- Balance Sheet abstract and Company's general business profile, pursuant to Part IV to Schedule VI is separately attached.
- Additional information pursuant to paragraph 4-C of the Companies Act 2013. None other than stated above
- Previous year figures have been regrouped and rearranged where ever necessary.



PALMA DEVELOPMENT FINANCE PRIVATE LIMITED
Notes on Accounts for the Year ended March 31, 2020

**Balance Sheet abstract and Company's general business profile as per Part IV of
Schedule VI to the Companies Act, 2013**

I Registration details		
Registration no.	U65999TN1990PTC104347	
Balance Sheet date	31.03.2020	
State code	18	
II Capital raised during the year		Rs. 000
Public issue	Nil	
Rights issue	Nil	
Bonus issue	Nil	
Private placement	Nil	
III Position of mobilisation and deployment of funds		Rs. 000
Total liabilities	52,168.58	
Total assets	52,168.58	
Sources of funds		
Paid up capital	26,282.50	
Reserves and surplus	24,191.72	
Secured Loans	Nil	
Unsecured loans	Nil	
Application of funds		
Net fixed assets	782.24	
Investments	Nil	
Deferred tax asset (Net)	73.96	
Net current assets	49,618.02	
IV Performance of company		Rs. 000
Turnover (including Other Income)	3,137.01	
Total expenditure	3,096.43	
Profit / (Loss) before tax	40.58	
Profit / (Loss) after tax	31.63	
Earnings per share (Rs.)	0.12	
Dividend rate (%) (Final)	Nil	
V Generic names of three principal products / services of company (as per monetary terms)		
Product Description		Item Code No. (ITC Code)
Micro Finance Services		

For Arockiasamy & Charles

Firm Registration Number : 018079S

Chartered Accountants

P. Arockiasamy
P. Arockiasamy
Partner

Membership No.018348

UDIN: 20018348AAAAM9011

Place : Madurai

Date : 02-12-2020



S. Anbal

Director

R. Jaya

Director