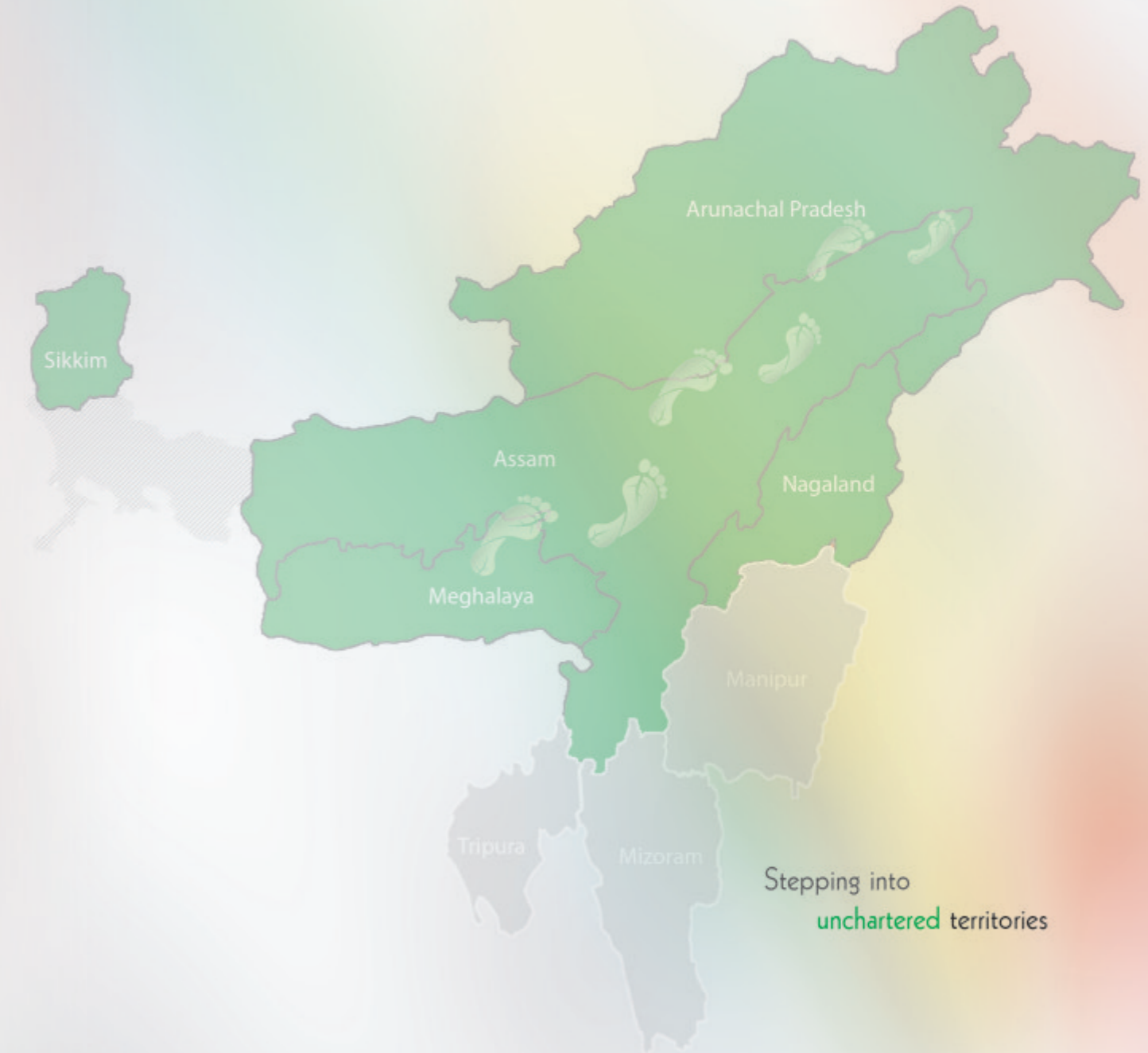




ANNUAL REPORT

2012-13



RGVN (NORTH EAST) MICROFINANCE LIMITED

Registered Office

House No. 2, Padma Path, Zoo Road Tiniali, Bye-Lane No. 8
Guwahati- 781 024, Assam, India

Phone : (91) 361-2464612, Fax: (91) 361-2464624

email: rgvne.nbfc@yahoo.in

www.rgvnemfl.com

RGVN (NORTH EAST) MICROFINANCE LIMITED



VISION

'Serving the entire North Eastern region and impacting 5 lakh clients by the year 2017 and facilitate better access to health, education and livelihood opportunities'

MISSION

'Provide financial and other support services to the unde privileged households in the Northeast to improve their quality of life'

VALUES

- ✓ Good governance
- ✓ Professionalism
- ✓ Integrity & transparency
- ✓ Client satisfaction
- ✓ Community orientation

PHOTO GALLERY

Credit plus Services



Health Check-up Camp



Cutting and Knitting



Doll Making



Animal Health Camp

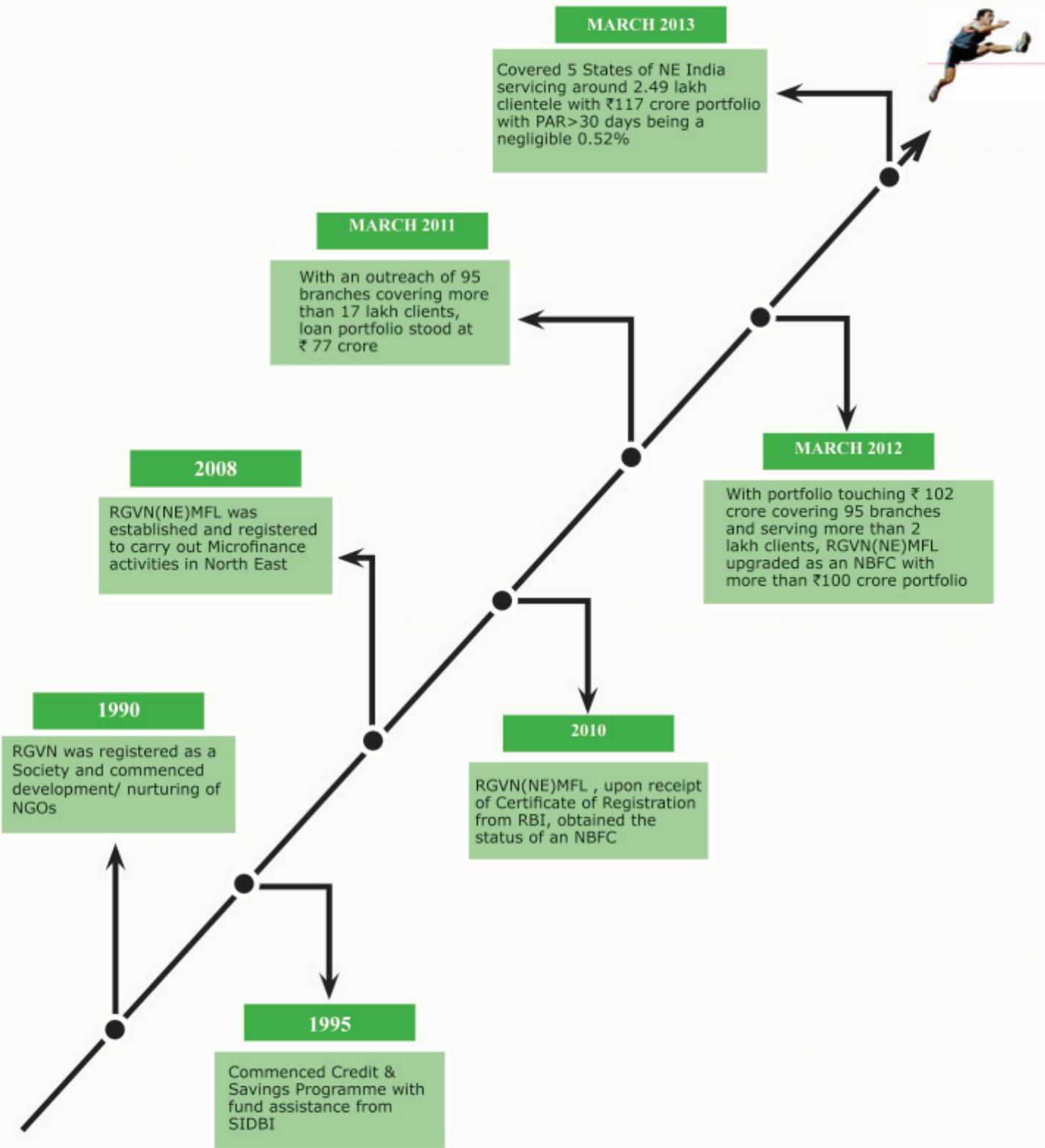


Financial Literacy



Food Processing

THE MILESTONES





FROM THE DESK OF CHAIRPERSON

The Indian microfinance sector has seen a series of rapid changes in the past decade. After the exponential growth during 2004-2009, the sector came under siege after the Andhra ordinance in October 2010. Flow of funds by way of debt & more so by way of equity came to almost a halt for two years. It is now slowly picking up with credible regulatory system put in place by the Reserve Bank of India & voluntary code of conduct adopted & honestly followed by the microfinance industry. Few other positive outcome of the crises are a) expansion of MFIs beyond the southern states, b) more formal MFI structure helped by equity support from Small Industry Development Bank of India c) both existing players and new entrants starting operations in North and North-east in some of the poorest districts of India. In line with the emerging trend and also given the social profile of the investors as well as the Board of Directors of RGVN(NE)MFL, the company is committed to serve not only the financial needs but also some of the social needs of its clients.

Despite serious funds constraint, natural calamities like floods as well as communal riots in certain pockets, the operations reflect a positive trend in terms of geographical expansion to new states in North East, higher outstanding portfolio at Rs. 117 crore, improved quality of portfolio with PAR>30 days being a minimal 0.52% and good profitability & networth touching Rs. 25 crores. RGVN(NE)MFL being one of the largest microfinance players of Northeast, we believe in professionalism with no compromise on the twin-goals of economic and social development of our clients. In addition to an assured livelihood, the main components for improving the quality of life include access to education, healthcare, financial prudence etc. Going beyond credit, the Company will endeavour to move into open spaces and use microfinance as a tool to bring about changes in the lives of its clients

It is my pleasure to thank Small Industries Development Bank of India, Dia Vikas Capital [an Indian subsidiary of Opportunity International (Australia)], North Eastern Development Finance Corporation Limited, IDBI Bank Ltd., State Bank of India, Central Bank of India, Indian Bank, Assam Gramin Vikash Bank, Assam Financial Corporation, Ananya Finance for Inclusive Growth Pvt.Ltd., Maanaveeya Development & Finance Pvt.Ltd., and CORDAID for all their support and guidance in operations of the company. My grateful thanks to my colleagues on the Board for their excellent support and cooperation in smooth & effective functioning of the Board.

I also take this opportunity to thank our employees as well as clients for their significant contribution towards the healthy growth of the company duly complying with the RBI norms, client protection measures and maintaining well-defined practices.

[BRIJ MOHAN]
CHAIRPERSON

BOARD OF DIRECTORS



Mr. Brij Mohan
Chairperson

Former Executive Director of Small Industries Development Bank of India (SIDBI) , Lucknow and was closely involved in setting up of SIDBI Foundation for Micro Credit (SFMC) as an apex financing & development micro-finance entity in 1998. He is presently the Chairman of Ananya finance for Inclusive Growth Ltd.- a wholesaler in microfinance as well as Chairman of Microsave India – a capacity building institution. He is a Director on the Board of Micro Rating International Ltd. and MSME Foundation. Associated with RGVN(NE)MFL since 18.07.08.



Mr. Deep Joshi
Director

An Indian social worker and NGO activist. Recognised for his vision and leadership in bringing professionalism to the NGO movement in India. Co-founded a non-profit organisation, Professional Assistance for Development Action (PRADAN) of which he was the former Executive Director. Was awarded the 2009 **Magsaysay award** for Community Leadership for his work for “development of rural communities” and winner of ‘Padmashree’ award of the Government of India in 2010. Associated with RGVN(NE)MFL since 01.01.11.



Ms. Rupali Kalita
Managing Director

A Rural Development Banker with more than 20 years of working experience in the banking sector who was instrumental in spreading the outreach of the microcredit wing of RGVN–Society into many pockets of Assam, Meghalaya and Arunachal Pradesh and with the consistent growth in business enabled transformation of the programme into an NBFC. She has been working for empowerment of the less privileged women in rural as well as urban sector through financial intermediation by persistently encouraging them to build up their confidence and to emerge as successful entrepreneurs. Associated with RGVN(NE)MFL since 18.07.08.



Mr. K.N. Hazarika
Director

A Post Graduate in Arts with training in Wharton (USA) in Strategic Management, he is a Banker with 33 years of service in the State Bank of India. Was the former Chairman & Managing Director of North Eastern Development Finance Corporation Ltd.(NEDFi). and served as Advisor for the North Eastern Council, Ministry of Doner, Govt of India, Shillong, as member, Employment Generation Mission of the Govt. of Assam, and also served on the Boards of several Corporations and Companies viz., AIDC, MIDC, IIBM, IIE, NERAMAC, TEA BOARD OF INDIA, APEDA, SPICES BOARD OF INDIA. Was a member of the Committee on Financial Sector Plan for the North Eastern States set up by the Reserve Bank of India, the Empowered Committee

on North East Industrial Investment Promotion Policy, of the Ministry of Commerce & Industries, Govt of India, various sectoral Consultation Groups set up by the Planning Commission, Govt of India, and the North East Consultation Group of the National Advisory Council (NAC). He is now a freelance Consultant. Associated with RGVN(NE) MFL since 18.07.08.



Mr. Saneesh Singh
Director

Possessing over 20 years of experience in the field of **Development Banking, Promotion and Financing of MSMEs, Microfinance, Financial Structuring and Investment Banking**, he is the Executive Director-Investments in Dia Vikas Capital Pvt. Ltd., a subsidiary of Opportunity International Australia. Dia is the leading social investor in India. He has also worked in various senior managerial capacities in the Small Industries Development Bank of India (SIDBI), a pan India apex development finance institution for MSME's. He was part of the core team that initiated SIDBI's micro finance project christened as SIDBI Foundation for Micro Credit (SFMC). Mr. Singh holds a PGD in Information Management and Systems Administration; a Master's Degree in Social Work and is a British Chevening Scholar of Banking and Finance from London School of Economics. He is also an associate of the Indian Institute of Bankers and is also an alumnus of Indian School of Business. Associated with RGVN(NE)MFL since 23.02.12.

Mr. S.K. Baruah
Director



Presently General Manager of North Eastern Development Finance Corporation Ltd. who has been nominated by NEDFi as Director of RGVN (North East) Microfinance Limited from July 2011. Associated with RGVN(NE)MFL since 28.07.11.



Dr. Amiya Kr. Sharma
Director

Is presently the Executive Director of Rashtriya Gramin Vikas Nidhi (RGVN), Guwahati. An alumnus of Delhi School of Economics, Dr Sharma has taught in various Universities like Tezpur University, Rutgers University, University of Delhi and also served in the Indian Statistical Institute, New Delhi respectively. Dr. Sharma is actively involved in various activities related to the voluntary sector and has assisted in development of many NGOs in the region. At present he holds the position of the Co- Chairman of Sa-Dhan (the Association of Community Development Finance Institutions. Associated with RGVN(NE)MFL since 05.09.08.



DIRECTORS' REPORT

To the Shareowners'

RGVN (North East) Microfinance Limited

PADMA PATH, BYE LANE NO 8, HOUSE NO 2, ZOO ROAD TINIALI

GUWAHATI, ASSAM-781024, INDIA

Your Company has become one of the large microfinance institutions in Assam in terms of total value of loans outstanding, number of borrowers and number of branches. Even as it continued to grow, your Company has displayed leadership in thought and action. The Company's market leadership position in the microfinance sector enhances its reputation and credibility with esteemed stakeholders resulting in an unique institution. Your Company continued to capitalize on its strengths on various parameters like superior asset quality, development of an Information Technology platform, strategic business alliances and experienced management team.

The Board of Directors hereby presents the Fifth Annual Report on the business and operations of your Company along with the standalone financial statements for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS:

PARTICULARS	31/03/2013 (₹.)	31/03/2012 (₹.)
INCOME	295,251,586.00	214,718,335.08
EXPENDITURE	222,224,552.00	166,816,523.46
PROVISION OTHER THAN TAX CONTINGENCIES	57,68,404.00	32,02,280.60
PROFIT BEFORE TAX	67,258,630.00	44,699,531.02
LESS: PROVISION FOR TAX:		
CURRENT TAX	25,367,943.35	10,004,822.16
DEFERRED TAX	(1,849,784.00)	126,333.04
CURRENT TAX RELATING TO PREVIOUS YEAR	1,423,780.00	0.00
PROFIT (LOSS) FROM THE PERIOD FROM CONTINUING OPERATIONS	42,316,690.65	34,568,375.82
PREVIOUS YEAR SURPLUS	44,501,922.82	10,122,321.00
LESS: WRITTEN BACK IN CURRENT YEAR(SHORT PROVISION ON TAX)	NIL	1,88,774.00
APPROPRIATION OF PROFIT	8,68,18,613.47	4,45,01,922.82



FINANCIAL PERFORMANCE:

During the period under review, the Company has earned a net profit of Rs. 42316690.65/- only and wants to put the same in the Company for further utilization of funds in the business. In view of the same, your Directors do not propose payment of any dividend for the year under review.

RESOURCES AND LIQUIDITY:

Your Company being a Non-Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. Your Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended from time to time) based on total capital to risk weighted assets. Your Company maintained a CRAR ratio which is 16.22% and 19.35% as on 31st March, 2012 and 31st March, 2013 respectively.

RBI GUIDELINES

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND") under Section 45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year.

CHANGE IN THE COMPOSITION OF BOARD OF DIRECTORS:

During the year the Company has received a nomination from Rashtriya Gramin Vikas Nidhi for the appointment of Mr. Narender Kumar Duggal as the Nominee Director of the Company. The Company has appointed him as the Nominee Director of the Company on 30th September 2012.

Further a communication was received from RGVN on withdrawal of the nomination of Mr. N. K. Duggal dated 7th November 2012 and the Board accepted the same with immediate effect.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Deep Chandra Joshi, retire by rotation and is eligible for re-appointment.

The Board recommends his re-appointment.

AUDITORS:

M/s Sanjoy K. Das & Co., Chartered Accountants, was appointed as the statutory auditor by the members in their last Annual General Meeting. Their term expires at this Annual General Meeting and is eligible for re-appointment. The Company has obtained from them a confirmation to the effect that their re-appointment, if made, would be in conformity within the limits prescribed in the said Section.

The Board recommends their re-appointment.



DEPOSITS:

The Company has not accepted any deposits falling within the purview of Section 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975, during the Financial Year ended 31st March, 2013.

INDUSTRIAL RELATIONS:

There existed cordial and friendly relation among the employees and workers with the management of the Company during the period under review.

SECRETARIAL COMPLIANCE REPORT:

Pursuant to the provisions of Section 383A of the Companies Act, 1956, the Compliance Certificate issued by M/s Biman Debnath & Associates, Company Secretary in Practice is placed before this meeting and is available for the perusal of the members.

The Directors recommends the approval of the said report and the re-appointment of M/s Biman Debnath & Associates for the next financial year.

AUDITOR'S REPORT:

The Auditor's observations and the Notes on Accounts are self-explanatory and, therefore, do not call for any comments.

PARTICULARS OF EMPLOYEES:

The information pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975 is not required to be annexed since there is no employee drawing more than the limits specified in the said Section.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EARNINGS AND OUTGO:

A. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Company has no activity relating to the consumption of energy or technology absorption.

B. FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the period under review.



STATUTORY DISCLOSURE:

None of the Directors of the company is disqualified under the provisions of Section 274(1)(g) of the Companies Act, 1956.

MATERIAL CHANGES:

During the year under review, the company has enhanced its paid-up capital from Rs. 121,108,000.00 to Rs. 151,108,000.00 by issuing 3,000,000 Equity Shares of Rs.10/- at par. The said shares were issued to Small Industries Development Bank of India (SIDBI) ranking pari- passu with the existing shares of the Company for the larger interest and benefit of the Company after complying with the various provisions of the Companies Act, 1956.

BORROWINGS MADE DURING THE YEAR:

During the year under review, the company has availed Secured Loan from various Financial Institutions such as: North Eastern Development Finance Corporation Limited, as well as from various Banks such as: IDBI Bank Ltd., SIDBI and UCO BANK.

BUSINESS EXPANSION:

During FY 2013-14 RGVN(NE)MFL intends to open a few more branches in Meghalaya [3 Nos.], Arunachal Pradesh [2 Nos.], Sikkim [2 Nos.] and in the un-served pockets of Assam [5 Nos.] . Existing business shall be increased to ₹ 160 crore outstanding with planned disbursement of ₹ 300 crore throughout the year, planning to increase loan sizes as well.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act,

1956, your Directors confirm as under:

in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets



of the Company and for preventing and detecting frauds and other irregularities to the best of their knowledge and ability;

the Directors have prepared the Annual Accounts on “Going Concern Basis”.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to place on record their appreciation for the support and co-operation extended by all the shareholders, depositors, other customers, bankers and look forward to their continued co-operation. Your directors also wish to place on record their appreciation for the support and co-operation extended by every member of RGVN family at all levels and look forward to their continued support.

By Order of the Board of Directors

For RGVN [NORTH EAST] MICROFINANCE LIMITED

SD/-

Rupali Kalita

(Managing Director)

SD/-

Brij Mohan

(Chairman)

Date: 12.06.2013

Place: Guwahati



MESSAGE FROM THE MANAGING DIRECTOR

The Microfinance sector, during the last few years, has presented a series of challenges and learning opportunities. During the last few decades the microfinance industry experienced substantial growth, but eventually this resulted in market saturation, a rise of non-performing loans and multiple lending across a few key markets. The global financial crisis then increased the focus on risk management, corporate governance and regulatory capacity. Most recently, the Andhra episode that unfolded in India has raised serious questions about the viability of microfinance as a valid development modality. This has resulted in refinement of client protection principles and transparency, while donor-funded projects, industry bodies, networks and individual institutions are embracing these concepts.

Despite the fact that all the above factors have had an impact in the operations of RGVN(NE)MFL during FY 2012-13, the financial results are quite encouraging with increased profitability the main highlight being good quality portfolio with PAR>30 days being a minimal 0.52% as on 31.03.2013. We have continued our focus on expanding our reach to under-served/under-developed regions/areas, and added Sikkim and Nagaland to our coverage during 2012-13.

Having the tag of an MFI with a portfolio of more than ₹ 100 crore, RGVN(NE)MFL continues to extend financial and non-financial services to the poor segments of the Northeast India. In May 2012, a Society under the banner “Gyanarun Society” has been registered, duly backed by RGVN(NE)MFL. The intent of registering the Society is to implement the various social development Management (SPM) programmes such as Free Health Check-up camps, Financial Literacy Training, Veterinary Treatment camps, skill building trainings for the benefit of our clients.

I take this opportunity to thank all the investors and funders for hand-holding the organization even during difficult times and the Board of Directors who have been constantly providing guidance to see a significant growth of the Company both in terms of portfolio and reach. I acknowledge the commitment with which the entire team at RGVN(NE)MFL including the grassroots officials, have performed all these years which has gone a long way in shaping this organization.

As we stand at the beginning of a new phase of growth, I take privilege in leading the team and am confident that we will not only maintain our position in the development sector and microfinance, but will succeed in achieving new landmarks for our organization.

Sincerely yours,



RUPALI KALITA

OUR PARTNERS IN GROWTH

INVESTORS/DEBT PROVIDERS

Dia Vikas Capital Pvt. Ltd.	
Small Industries Development Bank of India	
North Eastern Development Finance Corporation Limited	

FUNDERS

Ananya Finance for Inclusive Growth Pvt. Ltd.	
Assam Financial Corporation	
Cordaid	
Maanaveeya Holdings & Investments (P) Ltd.	

BANKERS

Assam Gramin Vikash Bank	
Central Bank of India	
IDBI Bank Ltd.	
HDFC Bank	
Indian Bank	
State Bank of India	



Snapshot of Client Activities



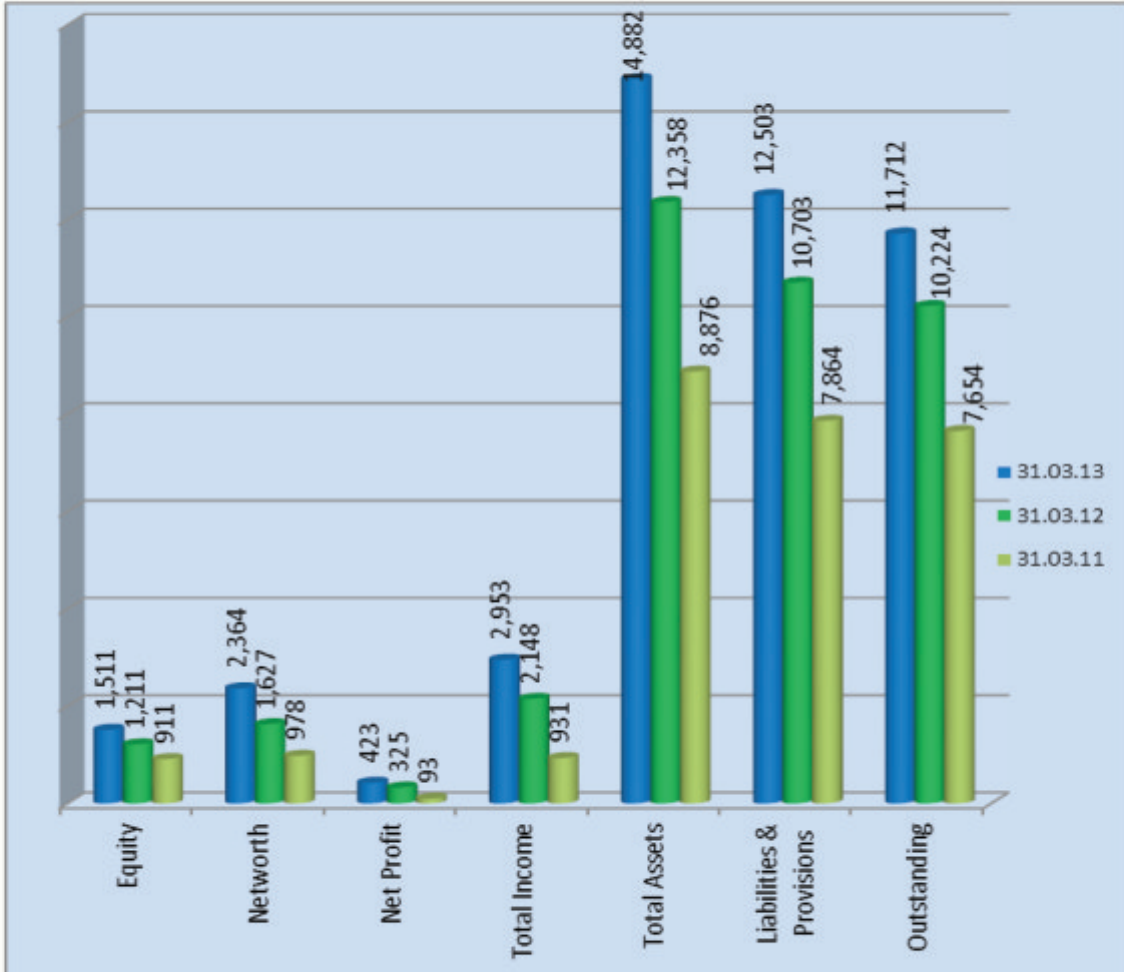
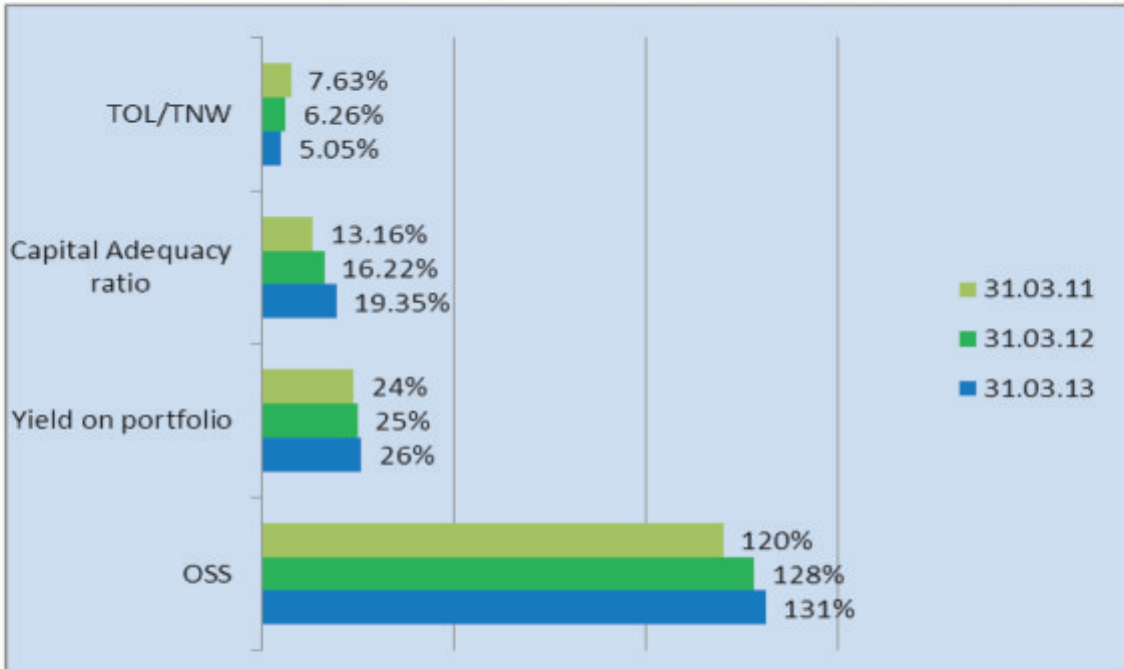


Performance Profile

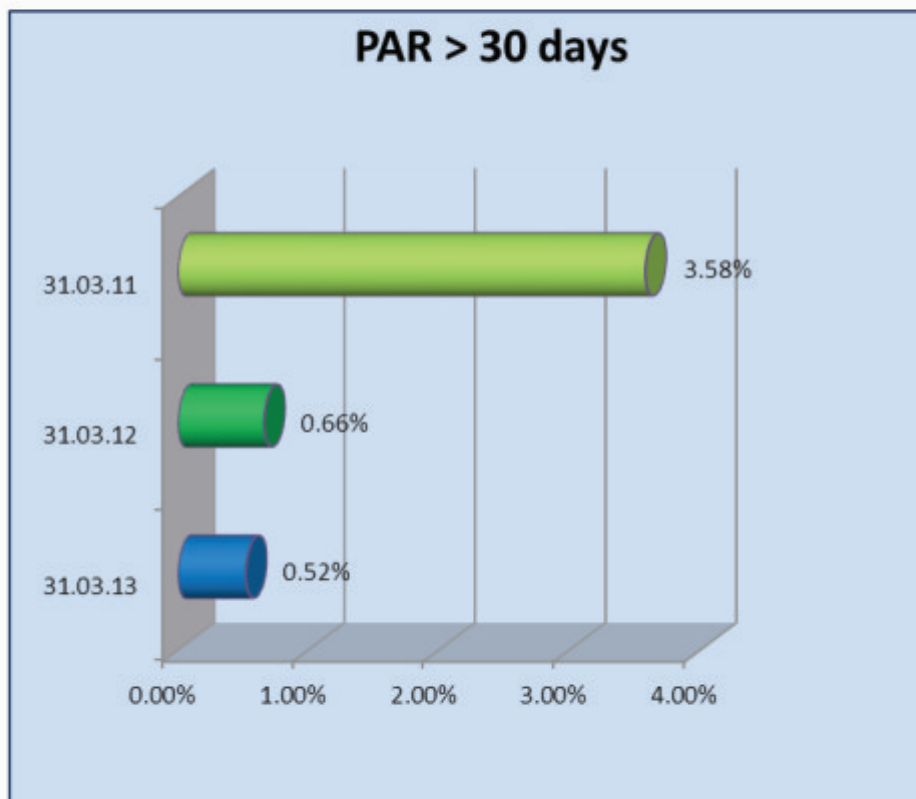
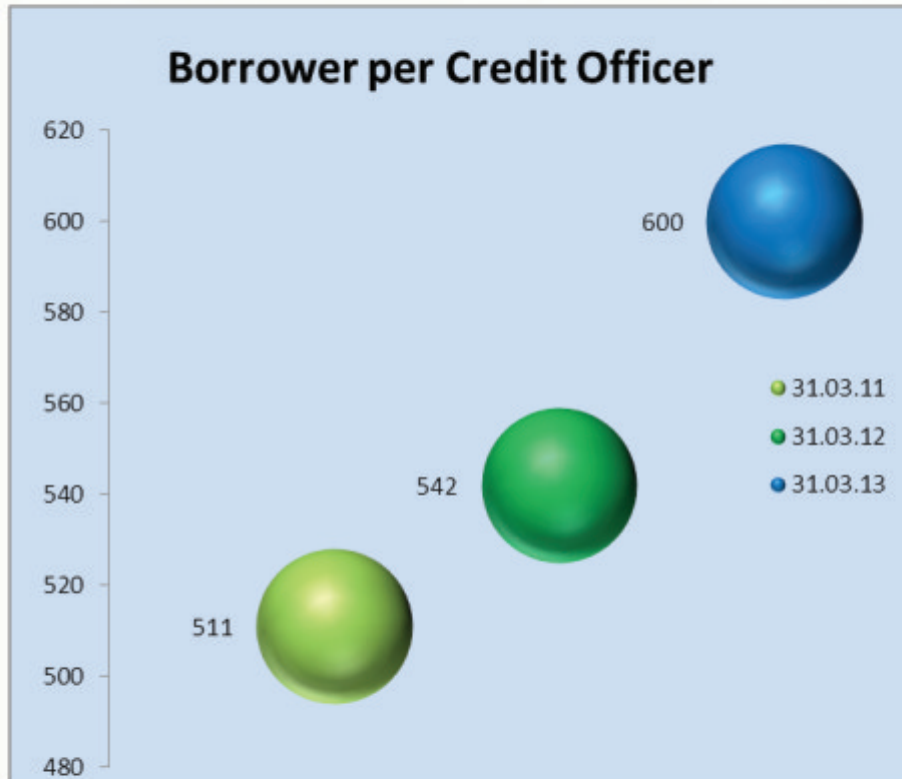
OPERATIONAL RESULTS

Sl.No.	INDICATOR	March 2013	March 2012	March 2011
I	Institutional Profile			
	▶ Number of Branches	106	95	92
	▶ Number of Districts	30	26	26
	▶ Number of Block/ Municipality Covered	309	202	195
	▶ Number of Village/Ward Covered	4249	3949	3499
	▶ Total Staff Strength	549	501	495
	▶ Number of Credit Officer	271	261	251
II	Outreach			
	▶ Number of Centre	5349	4,869	4350
	▶ Number of Groups	48,397	47,207	39,077
	▶ Number of Members	248,991	221,203	172,987
	▶ Number of Borrowers	162,575	141,420	129,189
III	Loan Portfolio			
	▶ Cumulative Loan Disbursed (₹ in crore)	698	534	367
	▶ Loan Portfolio (₹ in crore)	117	102	77
IV	Portfolio Quality			
	▶ On Time Repayment Rate	99.61%	99.54%	98.06%
	▶ Portfolio At risk> 30 days	0.52%	0.66%	3.58%
	▶ Portfolio At risk> 60 days	0.47%	0.61%	3.33%
V	Productivity			
	▶ Borrower Per Credit Officer	600	542	511
	▶ Outstanding per Credit Officer (₹ in lakh)	43	39	30
	▶ Outstanding per Branch Office (₹ in lakh)	111	107	83
	▶ Ratio of Field Staff to Total Staff	89%	92%	93%

FINANCIAL PERFORMANCE



PRODUCTIVITY



With completion of yet another successful financial year, reflecting a visible growth in terms of profitability, quality portfolio, incorporating prudent systems and complying with RBI norms, we take pleasure in presenting before you a report on the annual events of fiscal 2012-13.

The year 2012-13 has been a difficult period in view of the economic slow-down due to which there has been a decline in the growth in all segments of economy including the microfinance sector. Since the start of 2012, the MF



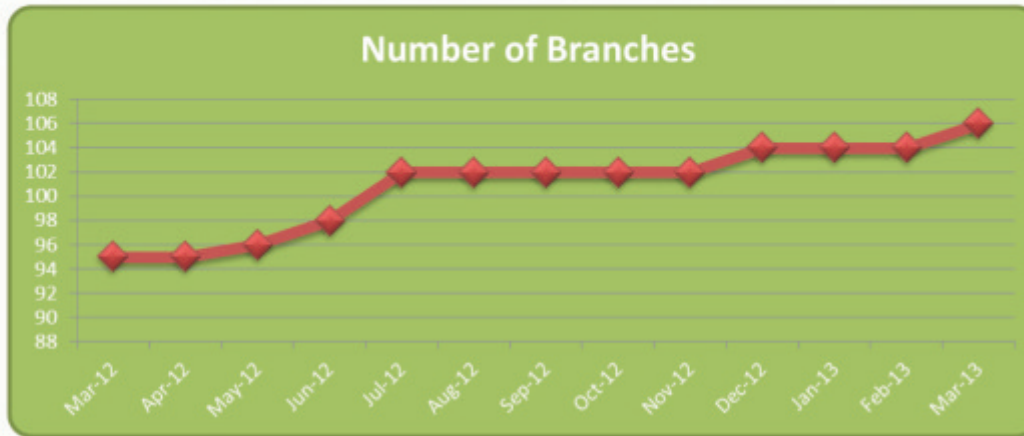
Ms. Rupali Kalita lighting the traditional lamp at the start of the Annual Review meeting convened at NEDFi Auditorium

sector has begun to move beyond the Andhra Pradesh crisis, which has severely impaired operations of most major MF providers. In December 2011, the RBI created a separate legal category for NBFC-MFIs for which it issued prudential and non-prudential norms and customer protection regulations. This latest regulation complements other post- Andhra Pradesh regulations that introduced a quantitative definition of microfinance loans, a ceiling on loan amounts and number of loans per customer, interest rate caps and margin caps.

Despite encountering several 'odds and evens', RGVN(NE)MFL could, during FY 2012-13, exhibit a positive trend in the financial front while the operational and expansionary phase could not be taken up as expected mainly because of strict RBI guidelines, steady decline in equity investments and debt funding also had dropped simultaneously impairing the fund space at the organization. Coupled with this, natural calamities, political unrest, communal riots in many parts of the operational areas and news of fraudulent chit companies dwindling savings of the poor had made it difficult for the organization to function as planned.

Presently operating in five States of the Northeast India - Assam, Arunachal Pradesh, Meghalaya, Nagaland and Sikkim – RGVN(NE)MFL has widened its outreach through 106 branches, servicing nearly 2.5 lakh clients & having around 1.63 lakh active borrowers, cumulative disbursement of ₹ 698.87 crore, loan outstanding of ₹ 117.13 crore and on-time recovery being 99.61% as at 31.03.2013.

ACCELERATION OF EXPANSION

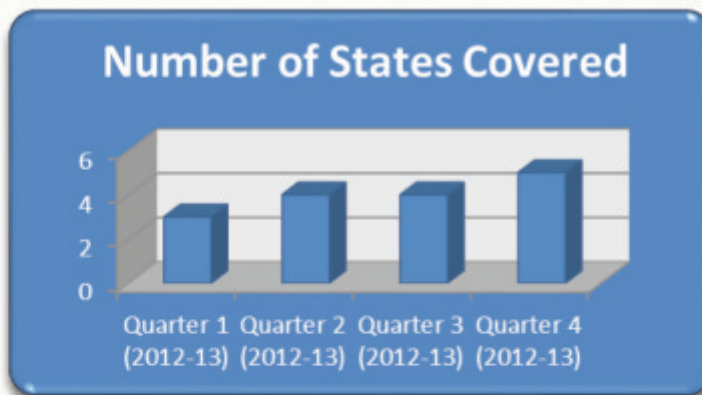


In the months succeeding the Andhra Pradesh ordinance in October 2010, there has been a steady decline in the number of equity investments made in the sector and debt funding has also seen a simultaneous

drop. This has resulted in either slow or no response from funders which had affected the planned expansionary phase of the Company. However, with the limited source of available funds, RGVN(NE) MFL opened outlets in the following 12 pockets during the year under review taking the branch network to 106 at the end of March 2013 :

- | | |
|-----------------------------------|----------------------|
| 1. Naharlagun [Arunachal Pradesh] | 2. Singtam [Sikkim] |
| 3. Rangpo [Sikkim] | 4. Gangtok [Sikkim] |
| 5. Dimapur [Nagaland] | 6. Borholla [Assam] |
| 7. Nakachari [Assam] | 8. Lichubari [Assam] |
| 9. Mikirvetta [Assam] | 10. Senchowa [Assam] |
| 11. Kaki [Assam] | 12. Amingaon [Assam] |

Since the current scenario calls for new processes, methodologies and innovative ways by which more work can be done towards enhancing the prosperity and security for the poor, during FY 2013-14 RGVN(NE)MFL would incorporate these measures and intends to open a few more branches in Meghalaya [3], Arunachal Pradesh [2], Sikkim [2] and in the un-served pockets of Assam [5]. In anticipation of a positive response from funders, a resource mobilization drive shall be taken up to pool debt/equity funds from financial institutions/commercial banks.



The graph shows on the 'slow and steady' concept adopted by the Company to step into two more States with 2 branches in Sikkim and a maiden branch in Nagaland at Dimapur during the period under review. This brings to fore the endeavour of the organization to get into open spaces and create a visible impact on the lives of the poor duly identifying with the vision/mission statements.

DNA OF RGVN(NE)MFL

Being a client-centric organization, a few basic principles, detailed hereunder govern the operations:

General

1. Shall be a large institution with 5 lakh clients by March 2017
2. Profitability shall not be the only motto – intend to make an impact as a viable/profitable organization with social ethos
3. Shall deal with low-income people including the very poor
4. In addition to providing credit, we stand committed to offer other related technical and financial services
5. Keeping our return on asset low, we shall try to bring down the service charges proportionate to the business volume and profitability of the organization
6. Though as a start-up we deal with a very nominal amount of ₹ 10,000/- but we stand to cater to all the needs of our clients viz. child education, medical exigencies including sudden death in the family etc.

Multiple Loaning

To avoid malaise of multiple loaning, the organization has decided to

1. Insulate ourselves from giving multiple loans and be extremely cautious – we shall not entertain loans to clients who have already borrowed from 2 MFIs upto a maximum of ₹ 25,000/- and loan outstanding of ₹ 50,000/-
2. Inculcate financial literacy among clients, counseling them on need to assess their repaying capacity before availing multiple loans
3. Have a check on the end-use of funds through household surveys, both pre & post-disbursement





Client protection measures

1. With clients' interest in mind, have a Social Performance Assessment Team, independent of operations, for visiting groups on a regular basis conducting social audit to bring to surface [a] client grievances [b] client requirement [c] multiple loans availed [d] staff behavior
2. Absolute transparency shall be maintained in interest rate charges and other charges levied on the clients
3. No coercive collection practices shall be adopted as RGVN(NE)MFL is very fair/transparent/ethical about collection system
 - a) In the event of death of a family member, the repayment is not collected for the week, on humanitarian grounds
 - b) In the event of death of the client, the due is not raised till insurance claim is settled. In case there is no claim from insurance companies then it is settled through Client Welfare Fund kept aside for the purpose
 - c) In case of defaults, the tactics adopted is [a] peer pressure [b] frequent visits to the households
 - d) In case of bandh, the repayment is always rescheduled with no additional interest charged
 - e) There is no penalty for arrears
 - f) Defaults due to natural calamities are dealt with by re-phasing repayment schedule
4. For the benefit of our clients, we shall work in areas like financial literacy educating them on good financial prudence enabling them to manage their finances properly, health education, women empowerment linking up clients with nodal agencies and shall facilitate the services
5. Insurance both life and assets shall be popularized among the clients by facilitating insurance services at their door-steps, as service providers
6. For all the livelihood support loans, project finances viz. crop, fishery, dairy, piggery etc., we shall provide the technical support services to make the enterprises viable
7. The organization has and shall maintain a policy of zero tolerance on [1] financial misappropriation [2] misdemeanor towards clients

Operational updates

SELF HELP GROUP:

This 'Grameen Bank Model' has attracted attention as a possible way of delivering microfinance services to poor populations that have been difficult to reach directly through banks or other institutions. Taking into consideration [a] the outreach as SHGs consist of 15-20 members per group, [b] inculcation of systems like group meetings, record keeping etc. [c] insistence of organizations like NABARD to form more SHGs, RGVN(NE) MFL provides training to the staff in forming more SHGs. As on 31.03.2013, RGVN(NE)MFL has 6435 borrowers with an outstanding of ₹ 3.89 crore as against 5823 borrowers with portfolio outstanding of ₹ 3.97 crore as on 31.03.2012.



JOINT LIABILITY GROUP:

The JLG mode of delivery is the prime credit delivery vehicle at RGVN(NE)MFL in view of the group being manageable with only 3-5 women and joint liability of members. As on 31.03.2013, 1,52,182 members have been covered as against 133359 members as on 31.03.2012 with loan disbursed being ₹ 153.79 crore as against ₹155.58 crore during the respective periods.

ENTREPRENEURSHIP DEVELOPMENT LOAN [EDL]/MICRO ENTERPRISE LOAN :

EDL is provided to graduate SHG/JLG clients, catering to the needs of entrepreneurs, both men/women, who are involved in small business. During FY 2012-13 EDL loans to the tune of ₹ 2.61 crore was provided while in FY 2011-12 it was ₹ 5.45 crore.

Micro Enterprise loan is provided to entrepreneurs who have their own enterprise and the clients need not necessarily be members of SHG/JLG. ME loans during FY 2012-13 was provided to 66 entrepreneurs as against 218 entrepreneurs in FY 2011-12 with the amount disbursed being ₹0.20 crore and ₹ 0.63 crore respectively.



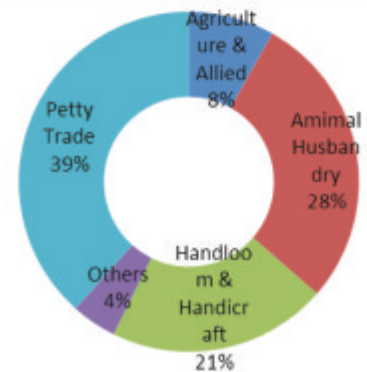


WELFARE LOANS:

RGVN(NE)MFL being client-centric the thrust is to provide assistance in order to improve health & hygiene, sanitation, meet exigencies like marriage, education, hospitalization etc. of its clients through the Welfare Loans. During FY 2012-13 1118 Welfare Loans were provided amounting to ₹ 1.00 crore as against 2 loans totaling ₹0.0017 crore during FY 2011-12.

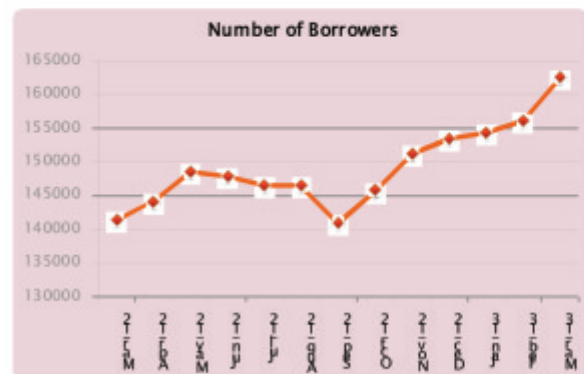
SECTORWISE LOAN PORTFOLIO:

The Company focuses in providing financial assistance for income generating activities in rural, urban and semi-urban areas of the Northeast India. The above diagram gives an overview of the support extended to the various sectors and is based on the loan outstanding amounts as on 31.03.2013. As always, Petty trade with 38% forms a major part of the portfolio followed by Animal Husbandry 28%, Handloom & Handicraft 21%, Agriculture & Allied 8%, Others 4%.



CLIENTELE:

Unlike the rest of India, the main stumbling block for economic development of the Northeastern region is the disadvantageous geographical location, insurgency, floods etc. In spite of all these obstacles, RGVN(NE)MFL has always made an attempt to reach out to more number of poor clients and benefit them through financial and non-financial services. During FY 2012-13 the member base stands at 2.49 lakh as against 2.21 lakh during FY 2011-12 recording around 13% growth. Also, the number of borrowers have increased from 1,41,420 in 2011-12 to 1,62,575 in 2012-13 registering a 15% growth. The stages in which the client outreach has increased during 2012-13 is reflected in the graph.

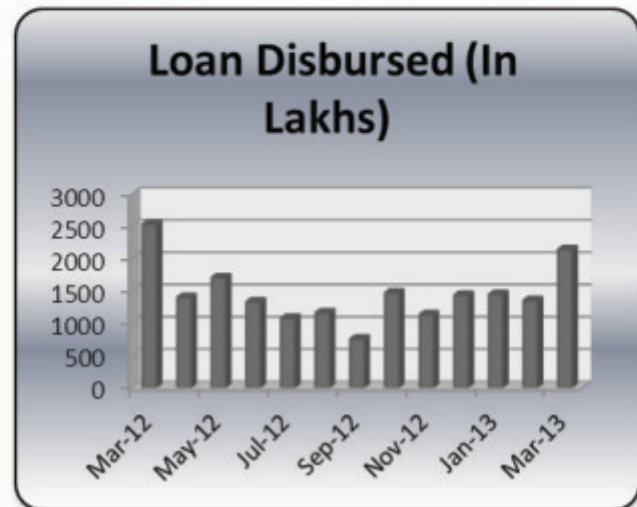


Mrs. Madhusmita Saikia [JLG-277], 31 years, of North Lakhimpur District and a client of our Bihpuria Branch has proved to be a great manager both in business as well as family. From a haldi-cultivator, this client, with the financial assistance received from RGVN(NE)MFL has shifted to food-processing and is now the proud owner of an enterprise christened as "Amar Achar". The pickles prepared by Ms. Saikia made out of the seasonal Assamese fruits and vegetables are sold not only in the neighbourhood but also in Lakhimpur Food Mela and now they are able to bring their products to Guwahati and sell them at the 'Farmer's Market' situated in Zoo Road Tiniali. Lots of plans are up their sleeves viz. [1] open an outlet to sell their products [2] educate their only child [3] keep aside some savings [4] increase the number of pickles/flour prepared by them. She is hopeful of getting better returns in the years ahead and says "With the intent of 'tickling the taste buds' of my clients, I shall make an effort to bring in more varieties of food stuff in the future so that the brand 'Amar Achar' is stacked in the shelves of every household".



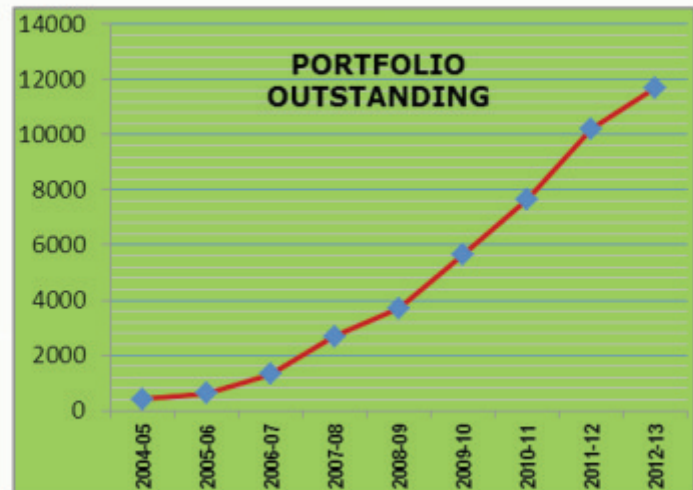
CREDIT DEPLOYED:

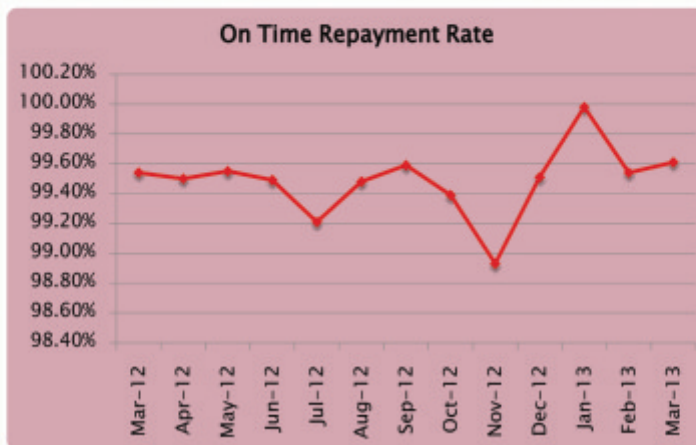
The decrease in investor confidence in the sector coupled with a drop in the debt funding to the MFIs by financial institutions has resulted in very slow flow of funds, especially in the first part of the year due to which the disbursement target could be partly achieved. SIDBI, NEDFi, Dia Vikas, UCO Bank, Maanaveeya and IDBI Bank came in with debt/equity/Tier II loans which had enabled RGVN(NE) MFL to extend around ₹ 164 crore during FY 2012-13 as against a target of ₹ 260 crore. The graph reflects the month-wise loan disbursement made during the year.



LOAN PORTFOLIO

Over the years, RGVN(NE)MFL has been consistently growing in terms of portfolio outstanding which is represented in the graph. As on March 31, 2013, the portfolio outstanding stood at ₹ 117 crore as against ₹ 102 crore on March 31, 2012, recording almost 15% growth. It is expected that with more open space and regular fund flow from financial institutions, the business would be expanded during the fiscal 2013-14.





REPAYMENT:

The graph depicts the fluctuations experienced in the on-time repayment rate due to communal riots in Bongaigaon area during the period June 12 – December 12 and panchayat election related violence in Goalpara area in January-February 2013; effect of flood during July/August 2012 in 12 branches which had put the operations in the affected areas off-gear. However, as at end of March 2013, the on-time repayment stood at 99.61% with constant monitoring and adopting effective practices the situation was brought back to normalcy with PAR>30 days being a negligible 0.52% as on 31.03.2013. The following graph brings to fore the month-wise PAR>30 days status during FY 2012-13.



Mr. Suman Dutta, a village boy-turned-entrepreneur of Pachim Gingia and client of our Biswanath Chariali Branch and lives with his mother, brother and sister. Suman Dutta, business minded, was looking for greener pastures and was influenced by one of his friends who was into manufacturing detergents and wanted to learn 'tricks of the trade'. After becoming a JLG member of Biswanath Chariali Branch, he set off, initially on a small scale, his long cherished dream of starting a Detergent Manufacturing unit by manufacturing washing powder 'Active Clean'. The training imparted through 'Employment Generation

Mission' scheme implemented by the erstwhile RGVN-CSP, he gained expertise, procured machinery and sealing machine with incremental loans received from RGVN(NE)MFL and introduced more products like liquid blue and phenyl through their enterprise named "Maa Jharna Chemical Product". Suman converted the loan in the name of his mother Mrs. Minu Dutta, a very vibrant lady who has made efforts to sell their products not only in the local markets but has ventured into Arunachal Pradesh. Now they have plans to diversify their business by making incense sticks and also look into the possibility of procuring a small tea garden.

OUR PARTNERS IN STRENGTH:

RGVN(NE)MFL has the pride of partnering with various categories of funders development-oriented, commercial banks, government-based organizations etc. With debt/equity/Tier-II loans provided by our partners, the organization has been strengthened in terms of capital base and inflow of debt funds. Despite the turbulent times prevailing in the MF sector coupled with RBI's strict guidelines, taking into consideration that the Company has been exhibiting financial and operational growth consistently for the last couple of years, the Company has the privilege of receiving support during FY 2012-13 from reputable organizations like North Eastern Development Finance Corpn.[NEDFi], Small Industries Development Bank of India [SIDBI], Dia Vikas Capital Pvt. Ltd.[an Indian subsidiary of Opportunity International (Australia), Maanaveeya Holdings & Investment (P) Limited [the Indian arm of Oiko Credit], IDBI Bank Ltd., UCO Bank and CORDAID.

STAKEHOLDERS OF THE COMPANY:

Having a strong capital base would not only enable leveraging debt funds but also would be a benchmark to investors while measuring returns. While the Company presently has investors with social goals, pooling up equity from like-minded investors shall be taken up so that the organization can sustain sail smooth in the years ahead. Provided below is the shareholding pattern of the Company as on 31.03.2013 :

Name of shareholders	Paid-up capital As on March 13	% of shareholding As on March 13
Clients	2,06,08,000	13.63%
Promoters/Directors	5,00,000	0.33%
BCDT	1,00,00,000	6.61%
SIDBI	3,00,00,000	19.86%
Dia Vikas	6,00,00,000	39.71%
NEDFi	3,00,00,000	19.86%
Total	15,11,08,000	100%





HUMAN RESOURCES:

The people who make up a company's workforce — its human resources — are considered to be an asset to the company, just like its financial resources and material resources. A company is more likely to be successful if it manages all of its resources well, including its people. This is why many companies have human resources departments, even though those departments do not directly contribute to the company's production, services, sales or profits. Rather, effective HR departments allow and encourage the companies' employees to do their best, which in turn contributes to the success of those companies. The Human Resource at RGVN(NE)MFL does not fall short of this concept as is visible from the performance of the organization which has shown an upward trend with every passing year. The employee-employer bond at RGVN(NE)MFL being high and commitment of the workforce is denoted by the operational/financial results which have always been encouraging.

The total staff strength of RGVN (NE) MFL at the end of FY 2012-2013 is detailed below:

Field Staff		382
	Credit Officer	205
	Jr. Credit Officer	73
	Branch Manager	104
Managerial Staff		56
	MD	1
	AVP	1
	Sr. Managers	3
	Zonal Manager	3
	Managers	5
	Area Manager	17
	Executives-I, II & III	26
Support Staff	GPS	111
TOTAL STAFF		549

With the organization growing manifold and venturing into all the terrains of the Northeast India has necessitated increase in the human resource requirement as well. During FY 2012-13 the Company has stepped into two new States of Nagaland and Sikkim in view of which streamlining and restructuring policies to suit new areas were formulated. "Employees Service Regulations" was finalized and the booklet provided to all the employees for guidance.

The organization values the efforts put in by its workforce and ensures that the benefits percolate down to the staff – accordingly the Performance Pay incentives were modified based on the financial growth during FY 2012-13. Sincere efforts were made by the management to substantially neutralize the effect of price hike of fuel and other essential commodities. In order to safeguard the interest of its employee the Company has introduced payment of Interim Relief, Conveyance Allowance paid to field staff has also been revised and Deputation allowance and Difficult Area allowance have been amended from time to time.

Introducing the 'Exit Interview' system during the year under review of the staff who have resigned from the organization has enabled tracking reasons for attrition and necessary measures to retain staff has been looked into.

Depending on the human resource needs at various levels in view of the expansionary phase during FY 2012-13, 107 Credit Officers, 5 Executives, 1 Area Manager, 1 Senior Auditor, 1 Senior Manager and 3 Zonal Managers were recruited.

The Company believes in promotional hierarchy and in order to upgrade staff written test/interviews were conducted for promotion to various cadres based on which 38 Credit Officers were promoted as Branch Managers, 8 Branch Managers to Area Managers and 4 Jr. Credit Officers were ranked as Credit Officers upon completion of graduation and providing the requisite certificates.



TRAINING & CAPACITY BUILDING :

The goal of capacity building is to facilitate individual and organizational learning which builds trust, develops knowledge, skills and attitudes and when successful, creates an organisational culture and a set of capabilities. And, at RGVN(NE)MFL, to tide over the persisting competition and emerge successfully, a series of trainings/capacity building initiatives have been put in place as detailed hereunder :

For Staff :

Highlighted below are details of the various trainings conducted for the different cadre of field staff :

- Initial orientation programme for Credit Officers :** Upon induction of the Credit Officers, a two-day initial orientation is provided in order to acquaint them about the organization, its vision/mission/ goals and the Credit Officer's role in the Company. The orientation is done in-house comprising of seniors from various departments. At the end of the two-day orientation, the newly inducted COs are posted at various branches, depending on need for a period of 3 months on probation.



- **Induction Training Programme :** At the end of the 3-month induction period when the COs have a hands-on training on all the knitty-gritties at the field, a 3-day Induction Training is conducted which comprises of [1] implementation of Process Maps from formation of groups till day-end process [2] importance of JLG Center Concept & its advantage [3] delinquency management [4] accounting procedures [5] loan documentation [6] BIJLI software data entries [7] importance of Credit Bureau [8] Motivation [9] Importance of SPM and implementation of PPI tool [10] Client Protection Principles viz. client grievances, Fair Practice Code, Code of Conduct & latest RBI guidelines - all the sessions are at present being taken in-house. On the 3rd day of the training, an examination to assess the COs understanding of the entire functions of the organization is conducted and if found fit, a confirmation letter associating him/her with RGVN(NE)MFL is issued.



- Refresher Training for CO/BM/AMs :** To keep the Field Officers viz. CO/BM/AM abreast of the prevailing microfinance scenario across the country and also refreshing them on systems being incorporated in the organization, a Refresher Course, is organized with the participants being pooled up in batches depending on seniority. The topics of discussion include [a] review of process maps; [b] how to properly prepare loan documentation and appraisal of loan; [c] audit compliances; [d] review of SPM; [e] latest RBI guidelines and its implementation; [f] Client Protection Principles – this training is organized utilizing both in-house talents from various departments as also with guidance from Microsave – a quality MFI training institution. It is proposed to conduct the Refresher course on a quarterly basis during FY 2013-14 and a training calendar is being put in place.

Date	Place of Training	Topic	No. of Participants	Participants
05-06th April 2012	HO	Orientation Training for Jr.CO	32	Jr. CO
24-25th May2012	HO	Orientation Programme Jr. CO	29	Jr. CO
11-13th June2012	BOSCO REACH OUT	Refresher Training	30	BM,AM & HO Staff
14-16th June2013	BOSCO REACH OUT	Refresher Training	30	BM,AM & HO Staff
05-07th July2012	BOSCO REACH OUT	Induction Training Programme	26	Credit Officers
09-11th July2012	BOSCO REACH OUT	Refresher Training	30	BM,AM & HO Staff
12-14th July2012	BOSCO REACH OUT	Refresher Training	30	BM,AM & HO Staff
09-11th August2012	BOSCO REACH OUT	Induction Training Programme	20	Credit Officers
04-06th October2012	BOSCO REACH OUT	Induction Training Programme	25	Credit Officers
15-16th November2012	Silpagram,Panjabari	Implementation of PPI tools by Microsave	30	AM,BM & HO Staff
7-8th January2013	HO	Orientation Training for Jr.CO/CO	31	Credit Officers
10-12th January2013	BOSCO REACH OUT	Induction Training Programme	31	Credit Officers
22-23 rd February2013	HO	Orientation Training for Jr.CO/CO	15	Credit Officers

External Trainings

Month	Place of training	Topic	Participants	Name
Jun-12	Delhi,[15 June-16 June,2012]	Client Protection & Advance PPI Tool	2	Mrs Priyakshi B.Gogoi & Ms. Rupali Kalita
Sept.2012	ANANYA, Ahmedabad[17-19 Sep12]	SPM and client protection for MFIs	2	Dr.Santanu Pratim Bhattacharjee & Mr. Gunajit Bayan
Oct.2012	Ahmedabad [30 October,2012]	Microinsurance Innovation Workshop	1	Mr. Chandan Deka
Nov.2012	IRMA, Gujrat [01-03,November 2012]	Value chain Management in Rural enterprize	1	Dr. Uttam Chetia
Nov.2012	Smart Campaign,kolkata[22-23,November2012]	Training On Client Protection Principle(CPP)	2	Dr.Uttam Chetia and Mrigen Barman
Dec.2012	Delhi,[19 -20 December,2012]	Workshop of Water. Org	2	Dr.Santanu Pratim Bhattacharjee & Mr.Mrigen Barman

For Clients :

RGVN (North East) Microfinance Limited has sponsored a Society under the banner “Gyanarun Society” in May 2012 with a view to implement the various social development Management (SPM) programmes such as Free Health Check-up camps, Financial Literacy Training, Veterinary Treatment camps, skill building trainings for the benefit of our clients.



Activity	No.of trainings	No.of clients trained
Health Camps	40	4677
Financial Literacy	320	7371
Pig rearing	28	1106
Dairy farming	19	900
Broiler farming	4	342
Agricultural training	2	83
Skill building		
Cutting & Knitting	12	167
Doll making	9	143
Food Processing'	7	142

INSURANCE:

One of the Client Welfare measures of RGVN(NE)MFL is facilitating insurance for clients - both death and accidental coverage. On these lines, after withdrawing its contract with the earlier insurance provider viz. ICICI Prudential, during FY 2012-13 has had a tie-up with

- [a] Bajaj Allianz Life Insurance Co.Ltd. from October 2012 for normal and accidental death of clients and spouse/nominee/co-borrower;
- [b] Future Generali India Insurance Company Ltd. from August 2012 for covering accidental death of clients only

All the borrowers under the ambit of the organization totaling nearly 1.63 lakh have been covered under the above insurance providers. The two claims amounting to ₹ 30,000/- has already been settled by Bajaj Allianz.

Also, providing relief to women borrowers in case of death of spouse, out of the Risk Welfare Fund, continued and during the year under review 324 claims totaling ₹ 24 lakh have been settled.

COMPLIANCE TO RBI NORMS :

RGVN(NE)MFL being a Company with loan portfolio of more than ₹ 100 crore, has been categorized by RBI as a Systemically Important [SI] MFI and returns are being filed electronically on a regular basis. The Company commits itself to comply with RBI norms stipulated/revised from time to time and highlighted below are the key compliances:

Fair Practices Code:

Adopting fair practices in all its activities and transactions with the stakeholders, the Company has adopted a code of conduct to promote good and fair practices by setting minimum standards in dealing with the clients and increasing transparency so that the clients have a better understanding of the services provided. The Company commits itself for implementing and adopting the fair practices in all its activities and transactions with its members while functioning as an NBFC-MFI. A Circular prepared in both English & local language, based on the revised guidelines of RBI issued vide DNBS(Guwa) No.771/00.01.09/2012-13 dated 23.04.2013 [Circular DNBS.CC.PD No.320/03.10.01/2012-13 dated February 18, 2013] has been sent to all branches incorporating the procedures to be followed pertaining to the following

- loan proposal and processing of the same;
- loan appraisal & terms and conditions;
- disbursement procedure of loans [including change in terms and conditions];
- release of security, measures/regulations against charging of excessive interest,
- privacy of client information;
- disclosures in loan agreement/sanction letter/passbook;
- avoiding over indebtedness
- non coercive methods of recovery
- internal control system
- a Grievance Redressal Mechanism has been adopted in order to record and attend to the grievances of clients from the Head Office.

The Board of Directors of the Company shall review the compliance of the Fair Practices Code and the functioning of the grievance redressal mechanism at various levels of management once in a quarter.

KYC:

The basic objective of KYC is to adopt a system enabling to know/understand the customer and their financial dealing to be able to serve them better. In case of RGVN (North East) Microfinance Limited the application of KYC norms is required in case of opening a new loan account or when there is need to obtain additional information from existing customers on conduct of account or when there are changes in case of signature, mandate holders and beneficial owners. The identification process may be through photograph, proof of identity and proof of address. In case of our Company, elaborate system has been developed to establish proper identification of customers.

Anti-money Laundering measure implies preventing conversion of money illegally obtained to make it appear as if it originated from a legitimate source. However, the possibility of same appears to be more in case of deposit accounts or in remittances unlike our Company.

The constant touch with the beneficiary by field level functionaries atleast once in a week and verification of identity through the process outlined in the KYC norms, the scope of money laundering is virtually absent. Besides, the loan amount being very low maximum being ₹ 50,000/- per member borrower, the scope of diversion for unlawful activities appear to be limited. The absence of cash transaction and disbursement through bank cheques also ensures disbursement to identified beneficiaries.

Further, as risk mitigation process, pre/post sanction, disbursement and inspection of overdue accounts have been developed to be initiated by the Credit Officer and verified by the Branch Manager. Execution of documents, issuance of passbooks and money receipts, compulsory field visit by controllers like Area Manager, Head Office Executives also take care of possible irregular diversion.

Client Grievance Redressal Mechanism : The Client Grievance Redressal Cell [CGRC] at RGVN(NE)MFL, Head Office is handled by a Nodal Officer in senior level who is designated to address complaints received from clients. A Client Grievance Redressal Policy has been formulated and circulated among the branches.



Ms. Junu Barman, 31, resident of Mazgaon Village has taken up vegetable vending for her livelihood. Since selling firewood to households was fetching less income and also because she

could not take up any skill-based activities, Junu alongwith her husband decided to purchase vegetables from wholesale market/ vegetable growers and start vending them in the main market at Gogamukh Tiniali. Through word-of-mouth she came to know about RGVN(NE)MFL, approached the Gogamukh branch and obtained financial assistance after joining a JLG. The RGVN(NE)MFL intervention in the life of Junu has impacted in the following ways viz. [a] thatched roof converted into a tin-roof, purchased color television, fridge, gas connection & family has been having two square meals a day unlike before when they had to forego many basic necessities [b] from platform vending has now hired a shop on rent to sell the vegetables [c] purchased two piglets which she intends to rear and once they are fully grown, she would sell them at a higher price adding to their income level. A very thankful Ms. Barman says "The intervention of RGVN(NE)MFL has brought a sea change in the life style of my family. I hope that with further support from the organization, I will be able to reach newer heights by expanding my vegetable shop which I plan to buy and also open a stationery shop under the same roof"

CORPORATE GOVERNANCE :

Corporate governance refers to the system by which organizations are directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the organization (such as the board of directors, managers, shareholders, creditors, auditors, regulators, and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. Governance provides the structure through which organizations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. Governance is a mechanism for monitoring the actions, policies and decisions of the organizations and involves the alignment of interests among the stakeholders. Good corporate governance is about commitment of a company to run its businesses in a legal, ethical and transparent manner. At RGVN(NE)MFL, through a strong and vibrant Board of Directors, the impact of good governance has been reflected through consistent sustainable growth of the organization.

The Governing Board of RGVN(NE)MFL meets every quarter to evaluate the progress of the organization, both operational and financial, and renders guidance in taking the organization forward.

The Audit Committee which is an extended arm of the Governing Board of RGVN(NE) MFL introduced in May 2011 looks into the internal and external audit compliances and meetings are convened prior to the Governing Board meeting. The proceeding of the meeting is placed as an agenda item in the Governing Board meetings of RGVN(NE)MFL for information and guidance of the Board of Directors, as and when required.

Details of Board meetings held during FY 2011-12 at the Head Office of RGVN(NE)MFL at Guwahati :

No. of the Board meeting	Date	Board strength	No.of Directors present
20 th	30.04.2012	7	7
21 st	28.05.2012	7	6
22 nd	30.06.2012	8	7
23 rd	07.11.2012	7	7
24 th	30.01.2013	7	6

During the year under review, an Extraordinary General Meeting was convened on 08.08.2012 at the Head Office of RGVN(NE)MFL in Guwahati to incorporate certain alterations in the Articles of Association. An Emergent meeting was convened on 17.03.13 in New Delhi to arrive at a consensus on the issue of approaching banks for debt funds in view of the changes in the MF sector, post RBI guidelines.



AUDIT COMMITTEE

With a view to complying with various requirements under section 292-A of the Companies Act, 1956 and guidelines issued by the Reserve Bank of India, the Audit Committee of the Board of Directors has been constituted in May, 2011. The Audit Committee of the Board is headed by an Independent director as Chairman.

ACB provides direction and also to oversee the operation of the Internal as well as external Audit and compliance function of the Company.

Members of the Audit Committee comprises of

01. Shri K. N. Hazarika, Chairman
02. Dr. Amiya Kumar Sharma, Member
03. Shri S. K. Baruah, Member

In addition, the Managing Director, the Statutory Auditor and the Head, Internal Audit Cell of the Company, attend and participate in the deliberations at the meeting of the Audit Committee.

During the financial year ended March, 31st, 2013 the Audit Committee met 4 times viz. 27th April 2012, 25th July 2012, 31st October 2012 and 23rd January 2013

The attendance of the Audit Committee members at such meeting is as stated below:

Sl. No.	Name of the member	No. of AC meeting attended
01	Shri K.N.Hazarika,	4
02	Dr. Amiya Kumar Sharma	3
03	Shri S.K.Baruah	4

Internal Audit and Internal Control

The Company has a well-equipped Internal Audit Cell carrying out regular independent Inspection and Audit of its branches and expenditure audit of Head Office. The Internal Audit Cell comprises of six Officials headed by a Retired Senior Official of Public Sector Bank who reports to the Audit Committee of the Board and also to the Managing Director. The audit function maintains its independence and objectivity while carrying out assignments. It evaluates on a continuous basis, the adequacy and effectiveness of internal control mechanism; adherence to policies as also procedures and suggests measures to strengthen as well as streamline control for timely action against various risks. The Company has adopted Risk focused Internal Audit as its strategy while carrying out its activities. The Audit Committee of the Board reviews the performance of the Internal Audit on a continuous basis, gives directions to its functionaries and reviews effectiveness of Internal Control Systems.

For effective control and supervision and as per suggestion of the Investors/Bankers & Credit rating agencies, the periodicity of the Internal Audit has been changed with effect from January, 2013 and all branches are now subject to Internal Audit within six months.

A comparative statement of General Efficiency Rating of branches audited during the last three financial years is furnished below

Financial year ended	Total number of branches	Number of Branches Audited	GENERAL EFFICIENCY RATING			
			Efficiently Run Branches	Well Run Branches	Satisfactorily Run Branches	Not Satisfactorily Run branches
31.03.2011	92	81	23	27	24	07
31.03.2012	95	92	29	38	24	01
31.03.2013	106	102	26	63	13	nil

Management Audit

During the period under report Microsave has conducted Management Audit of Head Office from 15th to 20th October, 2012. The report has been placed in the Audit Committee of the Board and also to the Board of Directors of the Company.

All the important recommendations/suggestions of the report has been discussed in the monthly structured meeting of the Head Office and action points initiated have been put up to the Audit Committee of the Board.

RBI AUDIT

Reserve Bank of India, Guwahati Office has conducted audit of Head Office by a team of 3 officials from 3rd to 14th December, 2012. Their main focus was on corporate governance and compliance of RBI norms. They have also visited three branches viz., Zoo Road, Beltola and Jalukbari to see whether the documentation and KYC norms are being properly maintained. Their observations on the findings is anticipated.

FINANCIAL RESOURCES AND ACCOUNTS

As on 31st March 2013, the equity base of the Company stands at ₹ 15.11 crore and the debt funds raised during FY 2012-13 amounts to ₹ 64.50 crore including Tier-II loan provided by Dia Vikas Capital to the tune of ₹ 6 crore.

Accounts

During FY 2012-13 RGVN(NE)MFL earned an income of ₹ 29.53 crore out of which ₹ 28.35 crore was portfolio income. This is an increase of 37% in income as compared to FY 2011-12.

The total expenditure during FY 2012-13 was ₹ 22.22 crore [excluding provision] whereas it was ₹16.68 crore during FY 2011-12. The profit before tax was ₹ 6.72 crore during FY 2012-13 and the net profit was ₹ 4.23 crore. 20% of the net profit was transferred to Statutory Reserve as per RBI's direction under Section 45JC.



Acknowledgement

The Board of Directors of RGVN (North East) Microfinance Limited place on record their appreciation for the support extended by North Eastern Development Finance Corpn.[NEDFi], Small Industries Development Bank of India [SIDBI], Dia Vikas Capital Pvt. Ltd.[an Indian subsidiary of Opportunity International (Australia)], Maanaveeya Holdings & Investments (P) Ltd. [an Indian arm of Oiko Credit], IDBI Bank Ltd., UCO Bank and CORDAID for providing financial assistance by way of debt/equity during the FY 2012-13. With support from shareholders, clients, partners and employees, the organization has, with every passing year, touched a different milestone, depicting progress in various segments for which the Board of Directors extend their gratitude to all concerned.

Auditors

M/s. Sanjoy K. Das & Co., Guwahati, were appointed as Statutory Auditors for FY 2012-13. The Accounts have been audited and certified by the auditors.



Form
[See rule 3]
COMPLIANCE CERTIFICATE

Registration No: 02-008742
Nominal Capital: ₹ 250,000,000.00
Paid-up Capital: ₹ 151,108,000.00

To,
The Members'
RGVN (North East) Microfinance Limited
Padma Path, Bye Lane No.8,
House No.2, Zoo Road Tiniali,
Guwahati-781024, Assam

I have examined the registers, records, books and papers of **RGVN (North East) Microfinance Limited** as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Shillong and Company Law Board within the time prescribed under the act and the rules made thereunder.
3. The Company, being a Public Limited Company comments are not required.





BIMAN DEBNATH & ASSOCIATES,
Company Secretaries

BIMAN DEBNATH
B. Com., LLB, DTL., FCS.
House No. 3, 2nd Floor, Sarvodaya Path
Opp. Rajiv Bhawan, Bhangagarh
ABC, Guwahati-781 005 (Assam)
Tele. : 0361-2463370 (O), Mobile : 098640-28145
E-mail : debnathcs@rediffmail.com, csbiman@gmail.com

4. The Board of Directors duly met 6 (Six) times respectively on 30th April, 2012; 28th May, 2012; 30th July, 2012; 7th November, 2012; 30th January, 2013; 17th March, 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 28th May, 2012 after giving due notice to the Members of the Company and other concerned and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
8. The Company has not advanced any loans to its Directors or Persons or Firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Board of Directors has not issued any duplicate share certificates during the financial year
13. The Company:
 - i. has delivered all the certificates on allotment of securities in accordance with the provisions of the Act;





BIMAN DEBNATH & ASSOCIATES,
Company Secretaries

BIMAN DEBNATH
B. Com., LLB, DTL., FCS.
House No. 3, 2nd Floor, Sarvodaya Path
Opp. Rajiv Bhawan, Bhangagarh
ABC, Guwahati-781 005 (Assam)
Tele. : 0361-2463370 (O), Mobile : 098640-28145
E-mail : debnathcs@rediffmail.com, csbiman@gmail.com

- ii. has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year;
 - iii. was not required to post warrants to any Member of the Company as no dividend was declared during the financial year;
 - iv. was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund;
 - v. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of Nominee Directors and Directors has been duly made during the financial year.
15. The Company has not appointed any Managing Director/Whole-Time Director/Manager during the financial year.
16. The Company has not appointed any Sole Selling Agents during the financial year.
17. The Company has obtained the approval of the Company Law Board as prescribed under the provisions of the Act as detailed below:
- i. Petition under Section 141 of the Companies Act.
18. The Directors have disclosed their interest in other Firms /Companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The Company has issued 3,000,000 Equity Shares during the financial year and complied with the provisions of the Act.
20. The Company has not bought back any shares during the financial year.





21. There was no redemption of preference shares or debentures during the financial year as no Preference Shares or Debentures were issued by the Company during the said financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A and 58AA read with Companies (Acceptance of Deposits) Rules, 1975, but has availed unsecured loan from Dia Vikas Capital (P) Limited during the financial year ended 31st March, 2012.
24. The amount borrowed by the Company from Financial Institutions, Banks during the financial year ending 31st March, 2012 is within the borrowing limits of the Company and resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's Registered Office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under scrutiny and complied with the provisions of the Act.





30. The Company has altered its Articles of Association after obtaining approval of Members in the Extra-Ordinary General Meeting held on 8th August, 2012 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. As intimated and confirmed by the management there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

ANNEXURE A

REGISTERS AS MAINTAINED BY THE COMPANY

SL. NO.	NATURE OF REGISTER	UNDER SECTION
1.	Register of Members'	150
2.	Index of Members'	151
3.	Register of Directors'	303
4.	Register of Directors' Shareholding	307
5.	Register of Particulars of Contract in which Directors are Interested	301
6.	Minutes Book of Board Meeting	193
7.	Minutes Book of General Meeting	193
8.	Books of Accounts	209
9.	Register of Charges	143
10.	Copies of Instruments Creating Charges	136





BIMAN DEBNATH & ASSOCIATES,
Company Secretaries

BIMAN DEBNATH


B. Com., LLB, DTL, FCS.
House No. 3, 2nd Floor, Sarvodaya Path
Opp. Rajiv Bhawan, Bhangagarh
ABC, Guwahati-781 005 (Assam)
Tele. : 0361-2463370 (O), Mobile : 098640-28145
E-mail : debnathcs@rediffmail.com, csbiman@gmail.com

ANNEXURE B

**FORMS AND RETURNS AS FILED BY THE COMPANY WITH THE
REGISTRAR OF COMPANIES DURING THE FINANCIAL YEAR ENDING ON
31ST MARCH, 2013**

SL. NO.	FORM NO./ RETURN	DATE OF EVENT	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME, YES/ NO	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID, YES/ NO
1.	Form 2	30/07/2012	26/10/2012	YES	N/A
2.	Form 32	23/02/2012	09/04/2012	NO	YES
3.	Form 32	11/07/2012	24/07/2012	YES	N/A
4.	Form 32	30/07/2012	03/09/2012	NO	YES
5.	Form 32	07/11/2012	26/06/2013	NO	YES
6.	Form 8	31/12/2012	17/01/2013	YES	N/A
7.	Form 8	22/08/2011	07/04/2012	NO	YES
8.	Form 8	19/03/2012	12/04/2012	YES	N/A
9.	Form 8	15/03/2012	09/04/2012	YES	N/A
10.	Form 8	31/03/2012	21/05/2012	NO	YES
11.	Form 8	19/04/2012	25/04/2012	YES	N/A
12.	Form 8	16/11/2012	11/01/2013	NO	YES
13.	Form 8	06/03/2012	05/04/2012	YES	N/A
14.	Form 8	26/03/2013	29/03/2013	YES	N/A
15.	Form 21	09/07/2012	08/09/2012	YES	N/A
16.	Form 23	31/07/2012	23/08/2012	YES	N/A
17.	Form 20b	28/05/2012	26/09/2012	NO	YES
18.	Form 23ac & 23aca	28/05/2012	01/10/2012	YES	N/A

Date: 05/05/2013
Place: Guwahati

Signature: 
Name of Company Secretary: Biman Debnath
CP No: 5857



RGVN (NORTH EAST) MICROFINANCE LIMITED

LIST OF BRANCH OFFICES WITH ADDRESS

FY 2012-13

1	Amguri Gadhuli Bazar, Mauja, Barbam Grant, Sivsagar, Ward No-4, P.O -Amguri, Dist-Sivsagar, Pin-785681 Assam
2	Amingaon Vill-Amingaon, Near-I.C.D,P.O-Amingaon, P.s-Amingaon, Dist-Kamrup, Pin-781031
3	Bamunimaidam House no-14, Parag Das Path, Ananda Nagar, Bamunimaidam, P.O-Bamunimaidam, P.S-Noonmali, Dist-Kamrup,Pin-781021
4	Beltola Beside Central Nursing Home, Beltola, Survey, Guwhati 781 028
5	Birubari Birubari, Sankarpur P.O. Gopinath Nagar, Guwahati-16, Assam
6	Bijjoynagar Uparhali, (Bijjoynagar)P.O.Uparhali, Kamrup, Pin-781122, Assam
7	Borjhar Kahikuchi, P.o-Airport, Guwahati , Dist-Kamrup, Pin-781124, Assam
8	Borihat Barihat, P.O Amranga, P.S.Palashbari, Dist-Kamrup[R], Pin-781130, Assam
9	Byrnihat Borihat, P.O Borihat, Dist-Ri-Bhoi, Meghalaya
10	Borka Bhuktabari (Dhulia tol, College Road), P.O Pub Borka, P.S.Kamalpur, Dist-Kamrup[R], Pin-781101, Assam
11	Baihata Chariali Nagaon, Baihata Chariali. P.S.Baihata Chariali, Dist -Kamrup Pin-781380
12	Bezara Bezera, P.S. Baihata Chariali, Kamrup, Assam
13	Balipara Balipara, P.O.Balipara, Sonitpur-784101
14	Bihpuria Bihpuria,Ward No-1,P.O. & P.s-Bihpuria,Dist-Lakhimpur, Assam
15	Biswanath Chariali K.K path, Ward No-5, Santipur, P.O-Biswanath Chariali, P.S-Biswanath Chariali, Pin- 784176, Assam

16	Bongaigaon Bageswaripara, Ward No.3, Bongaigaon, Assam
17	Bilasipara Bilasipara, Ward No.8, Dhuburi, Pin-783348, Assam
18	Bijni Bijni Town, Ward No-3, Garukabari Road, P.O.Bijni, P.S. Bijni, Dist-Chirang, Pin-783390
19	Barpeta Road Milan nagar, Barpeta Road, Dist-Barpeta, Pin-781315, Assam
20	Bohori Bahari Satra, P.O.Bahari Hat,ps-Bahari-Tarabari,Dist-Barpeta,Assam, Pin-781302
21	Barpeta Town Gandhi Nagar, S.N Road, PO. & P.S. Barpeta, Assam Pin-781 301
22	Belsor Belsor P.O Belsor, P.S.Belsor, Dist-Nalbari, Pin-781338 Assam,
23	Boko Barpara, P.O.Boko, Dist. Kamrup, Pin-781123
24	Borhola Vill: Borhola, P.O-Borholla, P/s-Borholla, Dist-Jorhat, Pin-785631, Assam
25	Chandrapur Chandrapur, P.O Chandrapur, P.S-Pragjyotishpur, Dist-Kamrup, Pin.781150, Assam
26	Chalantapara Chalantapara, Dist-Bongaigaon, Pin-783388Assam
27	Chapar Chapar, Kazipara, Part-1, P.o-Chapar, Dist-Dhuburi, Assam
28	Chaygaon Alekjari, P.O Chaygaon, P.s. Chaygaon, Dist-Kamrup, Pin-781124, Assam
29	Darkuchi Village -Darkuchi, P.O Darkuchi, P.s. Darkuchi, Dist-Baska (BTAD), Pin-78137, Assam
30	Dergaon Dergaon town, Ward no-7, P.o-Dergaon, P.S-Dergaon, Dist-Golaghat, Assam



31	Dhekiajuli LOKD Road, ward no-7, P.O-Dhekiajuli, P.S-Dhekiajuli, Dist-Sonitpur, Pin-784110, Assam
32	Dhemaji Ward no-2, Station Road, P.O Dhemaji, P.s. Dhemaji, Dist-Dhemaji, Pin-787057, Assam
33	Darangiri Vill-Kumarpara,P.O-Darrangiri, P.S-Rangjuli, Dist-Goalpara, Assam
34	Dhupdhara Vill:Dhupdhara, P.O Dhupdhara, P.S Dhupdhara, Dist-Goalpara,Pin-783123, (Near Bikali College, Dhupdhara) Assam
35	Demow Demow Sukafa Nagar, P.O. Demow, P.S-Demow, Dist-Sivsagar, Pin-785662, Assam
36	Dibrugarh Resident of Milan Nagar,(Jiban Phukan nagar), P.O-C.R Building, Dist & P.S.Dibrugarh, Pin-786003, Assam
37	Dimapur Duncan Bosti, P.O. Dimapur, P.S Dimapur, Dist-Dimapur, Pin-797112, Nagaland
38	Goreswar Robindra Nagar,Goreswar,Dist -Kamrup,Assam
39	Golaghat Amolapatty,Oppsite Gorodia Engineering Work, Dhodor Ali, P.S. Golaghat, Town -Golaghat, Dist -Golaghat
40	Gohpur Ward no -6, Madhya chatrang, P.s. & P.O-Gahpur, Dist-Sonitpur, Pin-784168, Assam
41	Gogamukh Moinapara Chetia, Mouza -Bardoloni, P.O.Gogamukh, P.S.Gogamukh, Dist-Dhemaji
42	Gouripur Ward no -3, P.O Gouripur, P.S. Gouripur, Dist-Dhuburi, Assam Pin-783331
43	Goalpara Bapuji nagar, Baladmari, Dist-Goalpara, Pin-783121
44	Gaurisagar Namdang Sila Saku, P.O. Gourisagar, P.S.Joysagar, Dist-Sivsagar, Pin-785664, Assam
45	Gangtok Opp Krisi Bhawan, P.S. -Gangtok Dist: East Gantok Sikkim, pin: : 737102

46	Hojai Dakshin Vidya Nagar, P.O Aamtola, P.S. Hojai, Dist-Nagaon, Block-Dholpukhuri, Assam
47	Itanagar Opposite SBI, Itanagar Bank Tiniali, P.O Itanagar, P.S. Itanagar, Dist Arunachal Pradesh, Pin 791111
48	Jalukbari House no-69, P.S.Jalukbari, P.O. Guwahati University, Guwahati 781 014
49	Jagiroad Nizarapar, P.O. Jagiroad, Dist-Morigaon,Assam
50	Jorhat Arawali Path, Tarajan Smashan Path, Jorhat, 785001
51	Jakhalabandha Gomadha Goan, Kuwaritole, P.S.-Koliabar, P.O. Kuwaritoli, Pin-782137
52	Jamugurihat Barbhagiya, P.O Jamugurihat, Dist-Sonitpur, Pin-784180, Assam
53	Jalah Vill. & P.O. Jalah, P.S. Simla, Dist. Baksa, 781 327, Assam
54	Khetri Ulubam(Khetri), P.O.Khetri, P.S. Khetri, Dist-Kamrup, Pin-782403, Assam
55	Koniha Near Co-Operative Society, P.O. Koniha, Dist-Kamrup, Pin-781380
56	Kampur Near Railway Station, Roha Road P.O. Kampur, Dist-Nagaon, Pin-782426, Assam
57	Kathiatoli Kathiatoli, P.O.Kothiatoli, P.S. Kampur, Dist-Nagaon, Pin-782427, Assam
58	Kharupetia Vill:Nimtoli, (Khataswar) Mousa-Panchim Sialmari, P.S.Dalgaon, P.O. Ghansimuli, Kharupetia, Assam
59	Kaki Kaki No-1, P.O-Kaki, P.S-Kaki, Dist-Nagaon, Pin-782442 Assam
60	Lakhara Vill: Sawkuchi, (In front of Betkuchi High School) P.O-Sawkuchi, P/S.Basistha, Dist-Kamrup, Pin-781034, Assam
61	Lanka Tagbahadur Path, Lanka patty, Ward No.4, Nagaon, Assam

62	Lichubari Vill: Bangal pukhuri Na-ali, P.O & P/s-Jorhat, Dist-Jorhat, Pin-785001, Assam
63	Maligaon Shanipur,near Ashrom Road, Guwahati 781 009
64	Mangaldai Natun para, Ward No.5, Mangaldai
65	Morigaon Morimuslim gaon, P.O Morigaon, P.S. Morigaon, Dist-Morigaon, Pin-782105, Assam
66	Moriani Dhodar Ali Path, P.O & P.S. Morioni, Assam
67	Missamari Patidoi Bherala,(Garubandha), P.O. Missamari, Sonitpur-784506
68	Matia Near AGBV, Matia, P.O-Matia, Dist-Goalpara, Pin-783125
69	Moran Lachit Nagar, P.O & P.S. Moranhat, Dist-Dibrugarh, Assam
70	Mikiriveta Mikiiriveta; Vill: Habibarangabari, P.O- Habibarangabari, P/s-Mikiriveta, Dist-Morigaon, Pin-782106, Assam
71	Narengi House no-11, Bylane -01, Narengi Tinali, P.O.Narengi, P.S.Noonmati Dist-Kamrup, Pin-781026, Assam
72	Nongpoh Umlyngkdait, P.O.Nongpoh, Dist.Ri-bhoi, Meghalaya
73	Nellie Nellie, House No -4, P.O Nellie, P.S. Jagiroad, Dist- Morigaon, Pin-782410, Assam
74	North Guwahati Abhaypur,P.O. College Nagar,North Guwahati
75	Nagaon Vill-Moricolon Chariali,P.B-Road,Dist- Nagaon,Pin-782001
76	North Lakhimpur Borgohain gaon,Ward no-5, (Front of bank of Boroda) K.B Road, P.O-Japisajia, P.S-Lakhimpur, North Lakhimpur, Pin-7871001, Assam
77	Nalbari Santipur, Ward No-7, Nalbari, Assam (Near Agriculture office) Pin-781353

78	Nagerbera Vill-Doukuchi, P.O. Nagarbera, Dist-Kamrup, Assam
79	Nazira Nazira, ward No-3, Bapuji Path, P.O-Nazira, P.S. Nazira , Dist-Sivsagar, Pin-78685, Assam
80	Naharkatia Amulapatti road, Naharkotia, Dibrugarh, P.O Naharkotia, P.S. Naharkotia, Dist-Dibrugarh, Pin-786610,Assam
81	Na Kachari Vill: Tiruwal Veta, Na Kachari, P.O Na Kachari, P/s Na Kachari, Dist Jorhat, Pin 785635, Assam
82	Pathsala College Stoppage,Vill-Rahadhar Birkala,P.O.Patacharcuchi, Barpeta, Assam
83	Rangia Murara,Rangia,Dist-Kamrup,Assam
84	Roha Ward No.3, Bhaligaon, Raha, P.O Raha, P.S.Raha, Dist-Nagaon, Pin-782103, Assam
85	Rampur Babumbari, P.O. Rampur, Dist-Nalbari, Assam
86	Rangpo Chanatar, P.O-Rangpo, P.s-Rangpo, Dist-East, Pin-737132
87	Six Mile House No-52, Anand Nagar Path, P.O-Khanapara, P.S. Dispur, Six Mile, Dist-Kamrup, Pin-781022, Assam
88	Shillong Nongthymmai,Lumbasuk,Shillong-14, P.O Nongthymmai, P.S. Nongthymmai, Dist-East Khasi hills, Meghalaya
89	Sonapur Vill: Tulsibari, College Gate, P.O. Sonapur, Dist- Kamrup
90	Suwalkuchi Suwalkuchi,(Napara)P.O. & P.S. Suwalkuchi,Dist. Kamrup,Assam
91	Sipajhar Bhuktabari,(Dakanpara) P.O. & P.S. Sipajhar, Dist- Darrang, Pin-784145
92	Sarupathar Sarupathar,Ward No.-4,P.O. Sarupathar, Golaghat-785601
93	Sarthebari Sarthebari Town,P.O. Sarthebari,Dist-Barpeta, Assam



94	Simuluguri Simaluguri, Ward no-2, (Simaluguri-Sonari Road) P.O. Simaluguri, Dist-Sivsagar, Pin-785686
95	Sivasagar Kareng Tiniali, (Near Bora service) P.O.Sivasagar, P.S-Joysagar, Dist- Sivasagar, Pin-785640, Assam
96	Sensowa Vill: Khutikatia, P.O & P/s-Nagaon, Dist-Nagaon, Pin-782002, Assam
97	Singtum Adarsh Busty, P.o-Singtum, P-s-Singtum, Dist-South, Pin-737134, Sikkim
98	Tamulpur Charangbari, P.O & P.S. Tamulpur, Dist-Baska, (BTAD), Pin-781367
99	Tangla Ward no -4, Tangla town, Mouza-Dakua, Dist -Udalguri, BTAD, Assam
100	Teok Teok Goalgaon tiniali, P.O. Teok, P.S.Teok, Dist-Jorhat, Pin-785112, Assam

101	Titabar Titabar Tiniali, Ward No-2, Titabar, Dist -Jorhat, Pin-785630
102	Tezpur Vill: Baruah Bamun Chuburi, P.O. Tezpur, Dist-Sonitpur, pin-784001 Assam-
103	Tihu Vill: Tihu, ward no-4, Block-Tihu, P.O Tihu, P.s. Tihu, Dist-Nalbari, Pin-781371, Assam
104	Tinsukia Gelapukhuri road, Kasujan gaon, P.O Tinsukia, P.S. Tinsukia, Dist-Tinsukia, Pin-786125, Assam
105	Uzan Bazar House No-58, Jorpukhuri east., Ghy-781001
106	Zoo Road R.G Baruah Road, Bhaskar Nagar, P.O Bamunimaidam, P.S. Geetanagar, Dist-Kamrup, Pin-781021, Assam



NOTICE

The Fifth Annual General Meeting of **RGVN [NORTH EAST] MICROFINANCE LIMITED** will be held on Wednesday, the 3rd day of July, 2013 at 1:00 p.m. at the Registered office of the Company at Padma Path, Bye Lane No. 8, House No. 2, Zoo Road Tiniali, Guwahati-781024, Assam to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Report, Directors' Report, Auditors' Report, Audited Balance Sheet, Profit and Loss Account and the Notes on Accounts for the year ended 31st March, 2013.
2. To appoint Auditors and fix their remuneration.
3. To appoint a Director in place of Mr. Deep Chandra Joshi, who retires by rotation, and is eligible for re-appointment.

"RESOLVED THAT Mr. Deep Chandra Joshi, Director be and is hereby re-appointed as a Director of the Company and shall be liable to retire by rotation."

SPECIAL BUSINESS:

1. To receive, consider and adopt the Voluntary Compliance Certificate as per the provisions of Companies (Compliance Certificate) Rules, 2001 for the financial year ending on 31st March, 2013.
2. To appoint a Company Secretary in whole-time practice for the current year and fix their remuneration. The retiring Company Secretary in whole-time practice, M/s Biman Debnath & Associates, Company Secretaries, are eligible for re-appointment.

By Order of the Board of Directors

For RGVN [NORTH EAST] MICROFINANCE LIMITED

DATE: 12.06.2013

PLACE: GUWAHATI

Rupali Kalita
(Managing Director)





S.K.Das
M.Com, LLB, FCA

Sanjoy K. Das & Co.
CHARTERED ACCOUNTANTS.
FLAT NO-D-1, CHANDRALAYA APARTMENT,
LAMB ROAD, AMBARI, GUWAHATI-781001
Phone : 0361-2544394, +919435540093(M)
e-mail : sanjoy_kr_das12@hotmail.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RGVN(NORTH EAST) MICROFINANCE LTD.

We have audited the accompanying financial statements of RGVN(NORTH EAST) MICROFINANCE LTD, Zoo Road Tiniali, Padma Path, Guwahati-781024, Assam, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.





(2)

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For SANJOY K. DAS & CO.,
CHARTERED ACCOUNTANTS.

FRN: 312143E



(S. K. DAS)

PROPRIETOR

Membership No. :05060691

Place: Guwahati
Date: 06.06.2013



S. K. DAS
M. Com, LLB, FCA.

Sanjoy K. Das & Co.

CHARTERED ACCOUNTANTS.
D-1, Chandralaya Apartment, Lamb Road,
Ambari, Guwahati-781001
Phone : 0361-2544394, 1919435540093(M)
e-mail : sanjoy_kr_das12@hotmail.com

RGVN (North East) Microfinance Ltd GUWAHATI-24

Balance Sheet for the period ended 31.03.2013

Particulars	Note No	Figures as at the end 31.03.2013	Figures as at the end 31.03.2012
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	151,108,000.00	121,108,000.00
(b) Reserves and Surplus	2	86,818,613.47	44,501,922.82
(c) Money received against share warrants			-
(2) Share application money pending allotment			-
(3) Non-Current Liabilities			
(a) Long-term borrowings	3	545,443,270.00	441,804,155.00
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities			
(d) Long term provisions	4	22,815,958.00	21,622,744.60
(4) Current Liabilities			
(a) Short-term borrowings			
(b) Trade payables			
(c) Other current liabilities	5	648,292,912.00	594,783,740.00
(d) Short-term provisions	6	33,729,719.35	12,039,580.16
Total		1,488,208,472.82	1,235,860,142.58
II.Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	7,965,814.00	7,180,500.00
(ii) Intangible assets		1,541,487.00	2,019,743.00
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments			
(c) Deferred tax assets (net)		1,949,301.00	99,516.96
(d) Other non-current assets	8	131,331,951.00	117,013,340.86
(2) Current assets			
(a) Current investments			
(b) loans and advances	9	1,179,129,973.00	1,029,421,628.00
(c) Trade receivables			
(d) Cash and cash equivalents	10	141,854,491.82	75,089,878.76
(e) Short-term loans and advances			
(f) Other current assets	11	24,435,455.00	5,035,535.00
Total		1,488,208,472.82	1,235,860,142.58

Signed in terms of our report of even date.

For SANJOY K. DAS & CO
CHARTERED ACCOUNTANTS



(PROPRIETOR)
MEMBERSHIP NO 050691
For, RGVN (North East) Microfinance Ltd,

Director

DATE: 06.06.2013

For, RGVN (North East) Microfinance Ltd,

Director



S. K. DAS
M. Com, LLB, FCA.

Sanjoy K. Das & Co.

CHARTERED ACCOUNTANTS.

D-1, Chandralaya Apartment, Lamb Road,
Ambari, Guwahati-781001

Phone : 0361-2544394, +919435540093(M)

e-mail : sanjoy kr das12@hotmail.com

RGVN(North East)Microfinance Limited
Guwahati-24
STATEMENT OF PROFIT & LOSS
as at 31 March,2013

		Figures as at the end 31.13.2013	Figures as at the end 31.03.2012
I. Revenue from operations	12	283,596,453.00	206,788,974.86
II. Other Income	13	11,655,133.00	7,929,360.22
III. Total Revenue (I + II)		295,251,586.00	214,718,335.08
IV. Expenses:			
Employee benefit expense	14	70,025,687.00	64,361,903.00
Financial costs	15	126,204,461.00	84,555,377.46
Depreciation and amortization expense	7	2,108,254.00	2,328,081.00
Other Operating expenses	16	23,886,150.00	15,571,162.00
Total Expenses		222,224,552.00	166,816,523.46
V. Profit before exceptional and extraordinary items and tax	(III - IV)	73,027,034.00	47,901,811.62
Provisions (Other than Tax & Contingencies)	17	5,768,404.00	3,202,280.60
Profit before exceptional and extraordinary items and tax		67,258,630.00	44,699,531.02
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		67,258,630.00	44,699,531.02
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		67,258,630.00	44,699,531.02
X. Tax expense:			
(1) Current tax		25,367,943.35	10,004,822.16
(2) Deferred tax		(1,819,781.00)	126,333.04
(3) Current Tax Relating to Previous Year		1,423,780.00	-
XI. Profit(Loss) from the period from continuing operations		42,316,690.65	34,568,375.82
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)		42,316,690.65	34,568,375.82
XVI. Earning per equity share:			
Basic		3.12	3.12
Diluted		2.17	3.12

Signed in terms of our report of even date.

For SANJOY K. DAS & CO
CHARTERED ACCOUNTANTS

(PROPRIETOR)
MEMBERSHIP NO-050691

For, RGVN (North East) Microfinance Ltd,

DATE: 06.06.2013

For, RGVN (North East) Microfinance Ltd,

Director



Director



S. K. Das
M. Com, I.L.B, FCA

Sanjoy K. Das & Co.

FLAT NO. D-1, CHANDRALAYA APARTMENT,
LAMB ROAD, AMBARI, GUWAHATI - 781001
Phone : 0361-2544394, +919435540093(M)
e-mail : sanjoy_kr_das12@hotmail.com



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR As on 31.03.2013	PREVIOUS YEAR As on 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation & prior period adjustment	67,258,630	44,699,531
Adjustments for :		
Depreciation and Amortization	2,108,254	2,328,081
Provision for employee benefits	3,324,869	(167,048)
Provision for non performing assts	3,789,152	(15,134,822)
Long term Provision	(2,095,939)	3,925,000
Other short term provisions and write offs	3,024,233	378,878
Operating profit before working capital changes	77,409,199	36,029,620
MOVEMENTS IN WORKING CAPITAL		
(Increase)/decrease In other current assets	(1,110,893)	(154,619)
(Increase)/decrease in Long-term loans & advances	(149,708,345)	(257,705,011)
(Increase)/decrease in short loans & advances	-	-
Increase/(decrease) in other current liabilities	53,509,172	(60,885,006)
(Increase)/decrease in trade receivable	-	-
(Increase)/decrease in other non-current assets	(3,141,110)	(2,671,649)
Cash generated from operation	(100,451,176)	(321,416,285)
Direct tax paid	(18,239,713)	(8,452,976)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(41,281,690)	(293,839,641)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assts	(2,393,568)	(1,540,723)
Purchases of intangible assets	(21,744)	(19,743)
Bank deposits not considered as cash and cash equivalent(net)	(23,177,500)	(36,572,000)
NET CASH FLOW IN INVESTING ACTIVITIES	(25,592,812)	(38,132,466)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	30,000,000	30,000,000
Long term borrowings(net)	103,639,115	351,109,905
Net cash generated from financing activities	133,639,115	381,109,905
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	66,764,613	49,137,798
Cash and cash equivalents at the beginning of the year	75,089,879	25,952,081
Cash and cash equivalents at the end of the year	141,854,492	75,089,879

Signed in terms of our report of even date.

For SANJOY K. DAS & CO
CHARTERED ACCOUNTANTS

DATE : 06.06.2013
PLACE: Guwahati

For, RGVN (North East) Microfinance Ltd.

Director



For, RGVN (North East) Microfinance Ltd,

Director



RGVN(NORTHEAST) MICROFINANCE LIMITED

GUWAHATI-781024

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 31st MARCH 2013

Note.12	Year Ended As on 31.03.2013	Year Ended As on 31.03.2012
<u>REVENUE FROM OPERATION</u>		
<u>Interest Income from portfolio loan</u>		
Interest on Loan	266,714,650.00	164,362,072.86
<u>Operating Income from portfolio loan</u>		
Administrative Charges	16,384,689.00	41,701,837.00
Stationery Charges	497,114.00	725,065.00
Total	283,596,453.00	206,788,974.86
Note.13		
<u>OTHER INCOME</u>		
Interest on Bank Deposit	9,742,713.00	6,340,071.67
Reimbursement of Insurance Expenses	375,667.00	716,223.00
Interest On House Owner,s Loan	10,350.00	11,103.00
Interest On Employee,s personal Loan	234,102.00	170,032.00
Interest On Employee,s Vehicle Loan	316,907.00	383,963.00
Misc. Income	253,203.00	103,097.55
Write off loan collection	722,191.00	204,870.00
Total	11,655,133.00	7,929,360.22
Note.14		
<u>EMPLOYEE BENEFIT EXPENSES</u>		
Salary & Incentive	59,981,583.00	57,116,299.00
P.F.Contribution	4,394,178.00	2,057,320.00
Staff Welfare	698,041.00	599,664.00
Performance Pay	2,840,710.00	1,533,720.00
Gratuity Premium	841,073.00	2,499,896.00
Medical Insurance Premium	702,632.00	20,400.00
Administrative Charges on Provident Fund	567,470.00	534,604.00
Total	70,025,687.00	64,361,903.00
Note.15		
<u>FINANNCIAL COST</u>		
<u>INTEREST EXPENSES</u>		
On Loan froms Financial Institution	48,358,456.00	38,934,527.00
On Loan from Banks	50,616,032.00	29,746,469.00
On Other loans	23,075,145.00	9,561,157.00
Bank commission & Charges	1,050,382.00	1,107,224.46
Processing Fees	3,104,466.00	5,206,000.00
Total	126,204,461.00	84,555,377.46

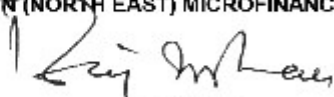
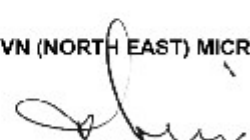





RGVN(NORTHEAST) MICROFINANCE LIMITED

GUWAHATI -781024

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR 31st MARCH 2013

Note.16	Year Ended As on 31.03.2013	Year Ended As on 31.03.2012
	₹	₹
OTHER OPERATING EXPENSES		
Auditors Remuneration	100,000.00	100,000.00
Books & Periodicals	260,705.00	213,193.00
Director's Seating Fees	185,000.00	83,000.00
Documentation Expenses	76,059.00	38,375.00
Donation	56,593.00	28,290.00
Electricity and water Charges	705,160.00	599,036.00
Electronic Communication & Postage	273,300.00	241,162.00
Filing Fees	47,622.00	532,620.00
Generator running Expenses	91,097.00	49,469.00
Insurance premium	145,853.00	118,422.00
Legal & Consultancy Charges	51,036.00	17,650.00
Meeting Expenses	785,133.00	434,200.00
Miscellaneous Expenses	495,901.00	177,583.00
Office expenses	121,671.00	68,856.00
Printing & Stationery	2,317,153.00	1,909,385.00
Professional fees	231,935.00	129,680.00
Rate & Taxes	3,984,608.00	11,818.00
Rating Expenses	930,118.00	165,450.00
Recruitment Expenses	228,327.00	57,603.00
Rent	6,867,515.00	5,587,350.00
Repair & Maintainace of Office Furniture	29,698.00	872,541.00
Repair & Maintainace of Others	1,889,993.00	725,538.00
Survey and market Research expenses	255,470.00	25,568.00
Training and seminar expenses	477,464.00	615,506.00
Travelling Expenses	3,200,206.00	2,674,007.00
Vehicle Hiring charges Expenses	128,528.00	94,660.00
Total	23,886,150.00	15,571,162.00
Note.17	Year Ended As on 31.03.2013	Year Ended As on 31.03.2012
	₹	₹
PROVISION & WRITE OFFS		
Provision for Standar and Non		
Performing assts	5,107,943.00	2823402.60
Prelimery & Pre-operative expenses Write off	107,363.00	107,363.00
Staff loans & advances write off	506,459.00	
Other Provision	46,639.00	271,515.00
Total	5,768,404.00	3,202,280.60
FOR, RGVN (NORTH EAST) MICROFINANCE LTD	FOR, RGVN (NORTH EAST) MICROFINANCE LTD	
		
DIRECTOR	DIRECTOR	
		



Note 1 SHARE CAPITAL

Share Capital	As at 31 March 2013		As at 31 March 2012	
	Number	₹	Number	₹
Authorised	25,000,000.00	250,000,000.00	25,000,000.00	250,000,000.00
Issued Subscribed & Paid up				
Equity Shares of ₹ 10 each	15,110,800.00	151,108,000.00	12,110,800.00	121,108,000.00
Subscribed				
Equity Shares of ₹ 10 each	15,110,800.00	151,108,000.00	12,110,800.00	121,108,000.00
Paid up				
Equity Shares of ₹ 10 each	15,110,800.00	151,108,000.00	12,110,800.00	121,108,000.00
Total	15,110,800.00	151,108,000.00	12,110,800.00	121,108,000.00

Note 1

DETAILS OF SHARES

Particulars	Equity Shares		Preference Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	12,110,800.00	121,108,000.00	-	-
Shares Issued during the year	3,000,000	30,000,000		
Shares bought back during the year	-	-		
Shares outstanding at the end of the year	15,110,800.00	151,108,000.00	-	-

Note 1

SHAREHOLDING PATTERN

Name of Shareholder	As at 31 March 2013		As at 31 March 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
RGVN/Promoters/Clients	2,110,800.00	13.97%	2,110,800.00	17.43%
BCDT	1,000,000.00	6.62%	1,000,000.00	8.26%
Dia Vikas Capital (p) Ltd	6,000,000.00	39.71%	6,000,000.00	49.54%
North Eastern Development Finance Corporation	3,000,000.00	19.85%	3,000,000.00	24.77%
Small Industries Development Bank of India	3,000,000.00	19.85%		
	15,110,800.00	100.00%	12,110,800.00	100.00%



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

Note 2 Reserves and Surplus

	GENERAL RESERVE	As at 31 March 2013	As at 31 March 2012
		₹	₹
a. Statutory Reserve			
	Opening Balance	-	-
	(+) Transfer from Net profit (20%)	8,463,338.13	-
		8,463,338.13	-
b. Surplus			
	Opening Balance	44,501,922.82	10,122,321.00
	(+) Net Profit/(Net Loss) For the current year	42,316,690.65	34,568,375.82
	(-) Transfer to Reserves	(8,463,338.13)	
	(-) Written Back in Current Year (Short Provision on Tax)	-	(188,774.00)
		78,355,275.34	44,501,922.82
TOTAL : (a+b)		86,818,613.47	44,501,922.82

1. Statutory Reserve is created as per Reserve Bank of India's Direction u/s 45 IC of RBI Act



FOR, RGVN (NORTH EAST) MICROFINANCE LTD


DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD


DIRECTOR



RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

Note 3	<u>Long Term Borrowings</u>		
	<u>Long Term Borrowings</u>	As at 31 March 2013	As at 31 March 2012
			₹
(I) Term Loans			
(a) From banks			
State Bank of India	25,000,000.00	85,000,000.00	
IDBI Bank Ltd.	95,833,309.00	69,696,960.00	
Central Bank of India	3,750,000.00	18,750,000.00	
Indian Bank	-	-	
Assam Gramin Vikas Bank	43,331,020.00	52,590,904.00	
UCO	77,777,778.00	-	
	245,692,107.00	226,037,864.00	
(b) From other Parties:			
North Eastern Development Finance Corporation Ltd.	116,952,498.00	148,544,622.00	
Small Industries Development Bank of India	37,082,000.00	40,578,500.00	
National Bank for Agriculture and Rural Development	-	-	
Assam Financial Corporation	-	6,867,129.00	
Cordaid (Foreign Institutions)	42,250,000.00	-	
Ananya Finance for Inclusive Growth Pvt Ltd.	-	2,499,857.00	
Maanaveya Development & Finance Pvt Ltd	41,666,665.00	-	
	237,951,163.00	198,490,108.00	
© Loans & advances from Related Parties			
Dia Vikas Capital (P) Ltd.	60,000,000.00	15,476,183.00	
Dia Vikas Capital (P) Ltd. (Interest Free Loan)	1,800,000.00	1,800,000.00	
	61,800,000.00	17,276,183.00	
Total	545,443,270.00	441,804,155.00	



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

[Signature]
DIRECTOR



Greenfield Institute

DETAILS OF SCHEDULE 3									
Particulars	Original Amount of Borrowings	Tenure(in years)	Terms of Repayment	Month in which last installment is due	Repayment schedule /installments	Security	Interest rate Per Annum	As at 31st March, 2013	As at 31st March, 2012
Secured Loan									
State Bank of India	Loan 1	4	Half-yearly	Jul-12	5,000,000	Partly secured against the Pledge of fixed deposit	10.75%	-	4,999,999
	Loan 2	3	Quarterly	Jan-13	12,500,000	Partly secured against the Pledge of fixed deposit	11.75%	-	50,000,000
	Loan 3	3	Monthly	Aug-14	5,000,000	Partly secured against the Pledge of fixed deposit	14.75%	85,000,000	145,000,000
Central Bank of India		4.5	Quarterly	Jun-14	3,750,000	Partly secured against the Pledge of fixed deposit	15.00%	18,750,000	33,750,000
		2.75	Quarterly	Feb-13	4,545,000	Partly secured against the Pledge of fixed deposit	14.25%	-	18,185,000
IDBI Bank Ltd.	Loan 1	3	Monthly	Mar-15	3,030,364	Partly secured against the Pledge of fixed deposit	14.75%	69,696,960	100,000,000
	Loan 2	2	Monthly	Jun-15	4,166,567	Partly secured against the Pledge of fixed deposit	14.75%	100,000,000	
Assam Gramin Vikash Bank		5	Monthly	Apr-17	1415000 (EMI)	Partly secured against the Pledge of fixed deposit	14.50%	52,580,904	60,000,000
		4	Monthly	Feb-17	2,222,222	Partly secured against the Pledge of fixed deposit	14.70%	100,000,000	
LIC Bank	Loan 1	4	Quarterly	Jun-12	4,375,000	Partly secured against the Pledge of fixed deposit	11.50%	-	4,375,000
	Loan 2	4	Monthly	Jun-13	1,428,500	Partly secured against the Pledge of fixed deposit	12.50%	4,288,500	21,430,500
	Loan 3	2.5	Monthly	Sep 14	6,184,000	Partly secured against the Pledge of fixed deposit	13.00%	111,290,000	75,000,000
Assam Financial Corporation		2	Monthly	Sep-13	1188847 (EMI)	Partly secured against the Pledge of fixed deposit	6.00%	6,867,129	20,000,000
		5	Half-Yearly	Jul-12	1,000,000	Partly secured against the Pledge of fixed deposit	7.00%		1,000,000
NABARD	Loan 1	5	Monthly	Feb-13	1,851,852	Partly secured against the Pledge of fixed deposit	12.25%	-	20,420,925
	Loan 2	5	Monthly	Mar-14	1,873,084	Partly secured against the Pledge of fixed deposit	12.25%	21,039,152	43,465,399
	Loan 3	3.5	Monthly	Oct-13	555,500	Partly secured against the Pledge of fixed deposit	12.25%	3,890,500	10,556,500
North Eastern Development Finance Corporation Ltd.	Loan 4	3.5	Monthly	Apr-14	3,333,200	Partly secured against the Pledge of fixed deposit	12.25%	43,336,400	85,334,800
	Loan 5	3.5	Monthly	May-15	5,138,823	Partly secured against the Pledge of fixed deposit	12.25%	130,278,570	140,000,000
	Loan 6	3	Monthly	Jan-16	2,424,242	Partly secured against the Pledge of fixed deposit	8.00%	75,757,576	-



TOTAL SECURED LOAN											822,785,691	831,618,323
(b) Un-Secured Loan	Loan 1	50,000,000	2	Quarterly	Oct-12	7,142,858	Unsecured	11.75%	-	214,285,888		
	Loan 2	50,000,000	2	Quarterly	Jun-13	7,142,858	Unsecured	11.75%	7,142,850	35,714,284		
	Loan 3	50,000,000	3	Monthly	Jan-13	1,666,667	Convertible Loan	11.75%	-	20,000,000		
	Loan 4	1,800,000	5	One time	Feb-15	1,800,000	Unsecured	interest free	1,800,000	1,800,000		
	Loan 5	80,000,000	2	Three timely	Dec-15	20,000,000	Convertible Loan	11.75%	80,000,000	-		
Ananya Finance for Inclusive Growth Private Ltd	Loan 1	5,500,000	1.5	Monthly	Apr-12	305,556	Unsecured	13.50%	-	305,544		
	Loan 2	5,000,000	1.5	Monthly	Apr-12	277,778	Unsecured	13.50%	-	277,774		
	Loan 3	4,500,000	1.5	Monthly	Apr-12	250,000	Unsecured	13.50%	-	250,000		
	Loan 4	20,000,000	1.5	Monthly	Oct-12	1,111,111	Unsecured	13.50%	-	7,777,778		
	Loan 5	10,000,000	1.5	Monthly	Mar-13	555,556	Unsecured	15.20%	-	8,666,664		
	Loan 6	10,000,000	1.5	Monthly	Aug-13	555,556	Unsecured	15.20%	2,499,857	9,166,686		
Maanaveeya Development & Finance Private Ltd		100,000,000	3	Quarterly	May-15	8,333,333	Unsecured	14.75%	74,999,997	-		
CORDAID		50,000,000	5	Half-Yearly	Sept-17	7,750,000	Unsecured	12.48%	50,000,000	-		
TOTAL UNSECURED LOAN											196,442,704	103,387,279
Less: Current maturities for long term Debt											473,785,125	493,101,447
											646,443,270	441,804,166

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

Note 4 Long Term Provisions

	As at 31 March 2013	As at 31 March 2012
	₹	₹
(a) Provision for employee benefits		
Welfare support fund	1,470,000.00	1,970,000.00
(b) Others		
Provision for Standard and non- performing assets	19,441,897.00	15,652,744.60
Provision for training	904,061.00	1,000,000.00
Provision for welfare loan	1,000,000.00	3,000,000.00
Total	22,815,958.00	21,622,744.60



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

FOR, RGVN (NORTH EAST) MICROFINANCE LTD


DIRECTOR


DIRECTOR



RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

Note 5 Other Current Liabilities

	As at 31 March 2013	As at 31 March 2012
		₹
(a) Current Maturities of long-Term Debt	473,785,125.00	493,101,447.00
(b) Interest accrued but not due on borrowings	4,448,199.00	8,136,429.00
(c) Interest accrued and due on borrowings		
(d) Other payables (specify nature)		
Securities against Loans	-	84,780,170.00
Risk & Welfare A/C(Insurance Premium)	2,255,482.00	2,603,958.00
Settlement due to employee	185,700.00	248,221.00
LIC-Members Death claim pending settlement	30,370.00	30,370.00
Insurance premium pending Remittance to Birla Sunlife	425,929.00	493,169.00
Insurance premium pending Remittance to LIC-GSLI	-	8,397.00
Professional Tax	11,989.00	80,517.00
Surrender/Maturity received from BSLI	2,123,369.00	2,180,835.00
Sundry	2,166,497.00	34,323.00
EGM	1,089,720.00	3,085,904.00
Outstanding Service Tax	266,272.00	-
IDBI Securitization	161,504,260.00	-
Total	648,292,912.00	594,783,740.00



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

Bij Mohan

DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

Shri

DIRECTOR

RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

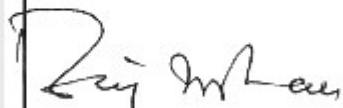
Note 6 Short Term Provisions

	As at 31 March 2013	As at 31 March 2012
		₹
(a) Provision for employee benefits		
Salary & Reimbursements	4,616,941.00	
Contribution to PF	446,171.00	354,243.00
Provision for Leave Encashment	500,000.00	
Gratuity (Funded)		1,384,000.00
(a) Total	5,563,112.00	1,738,243.00
(b) Others (Specify nature)		
Provision for fraud detected	220,621.00	271,515.00
Provision for Clients' Capacity Building	1,143,000.00	
Provision for Income Tax	24,845,859.35	10,004,822.16
Provision for Service Tax	1,373,697.00	-
Provision for Audit Fee	25,000.00	25,000.00
Rent	558,430.00	
(b) Total	28,166,607.35	10,301,337.16
Total (a)+(b)	33,729,719.35	12,039,580.16




FOR, RGVN (NORTH EAST) MICROFINANCE LTD

FOR, RGVN (NORTH EAST) MICROFINANCE LTD



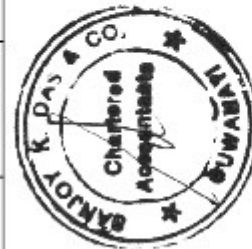
DIRECTOR



DIRECTOR



Note 7	2012-13		Gross Block				Accumulated Depreciation			Net Block		
	Fixed Assets	Balance as at 1 April 2012	Additions	Disposals	Revaluations/ (impairments)	Balance as at 31 March 13	Balance as at 1 April 2012	Depreciation charge for the Period	Adjustment due to revaluations	On disposals	Balance as at 31 March 2012	Balance as at 31 March 13
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
a	Tangible Assets											
	Furniture and Fixtures	5,047,104.00	1,089,647.00	34,394.36	-	6,091,731.44	1,776,500.00	787,709.00	-	-	3,816,704	4,384,027.44
	Vehicles	1,080,114.00	-	-	-	1,080,114.00	346,236.00	190,001.00	-	-	733,878	543,877.00
	Office equipment	2,184,757.00	392,425.00	140.00	-	2,577,043.00	424,555.00	291,023.00	-	-	1,740,202	1,871,465.00
	Others (specify nature)											
	Computer	1,091,394.00	961,061.00	36,515.72	-	2,015,939.28	555,497.00	299,103.00	-	-	535,897	1,161,339.28
	Generator set	414,496.00	27,354.00	5,664.70	-	436,185.30	111,049.00	44,740.00	-	-	303,427	280,376.30
	Bicycle	45,934.00	-	-	-	45,934.00	15,342.00	6,178.00	-	-	30,892	24,714.00
	Total	9,899,395.00	2,470,483.00	76,914.98	-	12,232,967.00	2,678,899.00	1,608,294.00	-	-	7,180,500.00	7,965,814.00
b	Intangible Assets											
	Goodwill	2,500,000.00	-	-	-	2,500,000.00	500,000.00	500,000.00	-	-	2,000,000.00	1,500,000.00
	Web Sites	19,743.00	21,744.00	-	-	41,487.00	-	-	-	-	15,743.00	41,487.00
	Total	2,519,743.00	21,744.00	-	-	2,541,487.00	500,000.00	500,000.00	-	-	2,019,743.00	1,541,487.00
c	Capital Work In Progress											
	Total	12,379,142.00	2,492,227.00	76,914.98	-	14,794,454.00	3,178,899.00	2,108,254.00	-	-	9,200,243.00	9,507,301.00
d	Intangible assets under Development											
	Total	12,379,142	2,492,227	76,915	-	14,794,454	3,178,899	2,108,254	-	-	9,200,243	9,507,301



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

Raj Mohan
DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

Note-8 Non Current Assets

	As at 31 March 2013		As at 31 March 2012	
	₹	₹	₹	₹
a. Long term trade receivables (including trade receivables on deferred credit terms)				
Interest accrued but not due				
On Portfolio Loans		4,141,185.00		1,713,732.86
On Fixed Deposits with Banks		11,618,752.00		10,793,121.00
Security Deposit with House Owner		315,810.00		320,420.00
BCDT		702,160.00		702,160.00
Less: Provision for doubtful debts		16,777,907.00		13,529,433.86
b. Un-Amortized Expenses				
Preliminary & Pre-Operative Expenses		858,907.00		966,270.00
Less: Written off		107,363.00		107,363.00
		751,544.00		858,907.00
c. Others (referred to note-10)				
Margin Money deposit (pledgement)		113,802,500.00		102,625,000.00
		113,802,500.00		102,625,000.00
		131,331,951.00		117,013,340.86



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR



RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

Note 9 Long Term Loans and Advances

Long Term Loans and Advances	As at 31 March 2013		As at 31 March 2012	
	₹	₹	₹	₹
Loans and advances :				
Portfolio Loan- Own		1,013,451,682.00		1,022,342,428.00
Loans and advances : Portfolio Loan-Securitized with IDBI Bank		157,839,081.00		-
		1,171,290,763.00		1,022,342,428.0
a. Loans and advances to related parties : Portfolio Loan				
Secured, considered good				
Unsecured, considered good		1,161,448,416.00		1,013,596,193
Doubtful:				
1 to 30 days		3,809,381.00		1,992,304
31 to 90 days		905,346.00		966,793
91 to 180 days		1,350,602.00		1,132,530
Above 180 days		3,777,018.00		4,654,608
Less: Provision for doubtful loans and advances				
		1,171,290,763.00		1,022,342,428.00
b. Other loans and advances				
Secured, considered good				
Employee Vehicle Loan		3,645,348.00		3,982,807
Employee Personal Loan		4,132,062.00		3,064,593
House Owner Loan		61,800.00		31,800
Less:Provision for Standard and non performing assets				
		7,839,210.00	-	7,079,200.00
		1,179,129,973.00		1,029,421,628.00



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet



Note 10 CASH AND BANK BALANCE				
Particulars	NON-CURRENT		CURRENT	
	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
				₹
Cash In Hand			2,684,218.78	629,370
Cash in Transit			404,131.00	5,999
Balance with Banks			138,766,142.04	74,454,510
Cash & Cash Equivalent			141,854,491.82	75089878.76
OTHERS BANK BALANCES				
Margin Money Deposit	113,802,500.00	102,625,000.00	12,000,000.00	-
TOTAL	113,802,500.00	102,625,000.00	153,854,491.82	75089878.76
Amount disclosed under Non- Current Assets	113,802,500.00	102,625,000.00		
Amount disclosed under Current Assets			12,000,000.00	-

Margin Money represent deposits placed to avail term loans from bank, Financial institutions and as cash collateral in connection with assts securitisations.



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

DIRECTOR



RGVN (NE) Microfinance Ltd
Guwahati-24
Schedule to Balance Sheet

Note 11 Current Assets

	As at 31 March 2013		As at 31 March 2012	
	₹	₹	₹	₹
a. Long term trade receivables (including trade receivables on deferred credit terms)				
Tax deducted at Sources		811,111.00		522,084.00
Advance Income Tax		10,000,000.00		4,000,000.00
Prepaid rent		105,350.00		111,650.00
Salary advances		639,865.00		52,195.00
MBT		463,099.00		92,350.00
RGVN- Mutual benefit Trust		182,112.00		67,000.00
Others		233,918.00		190,256.00
Less: Provision for doubtful debts				
		12,435,455.00		5,035,535.00
b. Others(referred to note-10)				
Margin money deposit		12,000,000.00		-
		12,000,000.00		-
		24,435,455.00		5,035,535.00



FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

FOR, RGVN (NORTH EAST) MICROFINANCE LTD

[Signature]
DIRECTOR

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE ACCOUNTS OF RGVN(NORTH EAST) MICROFINANCE LTD., Zoo Road Tiniali, Padma Path, Guwahati - 781024, Assam, as at 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
(c) Following fixed assets has been disposed off during the year :
 1. Furniture & Fixtures amount of Rs.34,595.00 /-
 2. Office Equipments amount of Rs. 140.00 /-
 3. Computer amount of Rs.36,516.00 /-
 4. Generator Set amount of Rs. 5,665.00 /-
2. The company is a Non-Banking Financial company(NBFC) engaged in the business of giving loans and does not maintain any inventory. Therefore the provision of Clause 4(ii) of the order are not applicable to the company.
3. In respect of loans, secured or unsecured, granted or taken by the Company during the year, from any companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 -
 - a) The Company has not taken any unsecured loan from its directors during the year.
 - b) The Company has not granted any secured or unsecured loan to companies, firms or other parties during the year except their clients as per RBI norms.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have not been entered in the register required to be maintained under that section.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.



Contd....2.



(2)

8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act is not required.
9. In our opinion and according to information and explanations produced before us, the company is regular in depositing undisputed statutory dues including provident fund, income tax, wealth tax, sales tax, customs duty, excise duty and any other statutory dues with the appropriate authorities. According to information and explanation given to us, the company has not any disputed statutory dues..
10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
14. Based on our audit procedures and on the information given by the management, we report that the company has raised term loans during the year.
15. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
16. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
17. The Company has no outstanding debentures during the period under audit.
18. The Company has not raised any money by public issue during the year.
19. According to the information and explanations given to us, three cases of fraud has been detected by the Company during the year. A sum of Rs.28, 484/- is involved in fraud by the employee of the company, which has been recovered in full during the year.

For SANJOY K. DAS & CO.,
CHARTERED ACCOUNTANTS.
FRN: 312143E



(S. K. DAS)

PROPRIETOR

Membership No. :05060691

Place: Guwahati
Date: 06.06.2013

NOTES ON ACCOUNTS

1. NATURE OF OPERATION

RGVN(North East) Microfinance Limited is engaged in microfinance lending activities for providing financial services to poor specially Woman(referred as 'members') in the rural areas of North east who are organized as Self Help Group(SHG), Joint Liability Groups (JLG). The company provides small value collateral free loans for income generation to poor women in groups.

All financial transactions are conducted in group meetings organized near the habitats of these women. The operations, in group formation, involves efforts on development training on financial discipline, and constant monitoring through weekly meetings, and providing financial and support services at the doorsteps of the borrowers to ensure high rates of recovery.

The company provided individual loans to the existing members for income generation activities. These loans are generally given to members who completed a minimum of three cycle of loan under JLG/SHG .

The Company has also tied up with Insurance Companies to act as Group Insurance Manager for providing life Insurance to its members.

The company normally follows the following norms:

The company has disbursed the loan with a rural household annual income not exceeding Rs.60,000/- or urban and semi-urban household income not exceeding Rs. 1,20,000/-

- a) The maximum loan provided to the borrowers is Rs. 50,000/-
- b) The tenure of the loan is more than 24 months for loan amount in excess of Rs.15,000/- with prepayment without penalty.
- c) Loans are collateral free.
- d) More than 99% of the loan given for the income generating activities
- e) More than 87% of the net assets are qualifying in nature.

2. SIGNIFICANT ACCOUNTING POLICIES:

A) Basis of Preparation of Financial Statements

The financial Statements have been prepared on historical cost basis & on the principle of going concern. Besides, the Companies follows the directions prescribed by Reserve Bank of India as applicable to Non-banking financial company.

Accounting policies unless specifically stated to be otherwise are in consistent consonance with generally accepted accounting policies requires the use of estimates and assumption that effect the reported assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and results of operations during the reporting period. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of date of the financial statements.

B) Revenue Recognition :

- i. Interest Income on loans given is recognized under the internal rate of return method. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non performing is reversed.
- ii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. One time stationery Charge is collected from member at the time providing loan for stationery cost
- iv. All other income is recognized on an accrual basis.



Contd....2.



(2)

C) Fixed Assets :

- i) All fixed assets are valued at cost less depreciation and impairment loss, if any.
- ii) Depreciation on assets is provided on WDV as per Schedule XIV of the Companies Act, 1956 (as amended).

D) Intangible assets ;

Goodwill is amortized over a period of Five years

E) Retirement and other employee benefits

- i. Provident fund : Retirement benefits in the form of monthly contributions are made to the provident fund in accordance with the fund rule and the contribution are charged to the profit & loss account. During the year company have contributed Rs. 43,94,178/- (Previous Year-20,57,320/-) to the provident fund.
- ii. Gratuity : Gratuity is a defined benefit obligation and liability is covered under the LIC gratuity scheme and annual premium is paid every Year. During the year company have contributed Rs. 8,41,073/- (Previous Year-24,99,896/-) as gratuity premium.

F) Taxation

Current Tax provided on the taxable income for the year.

Deferred Tax liabilities/assets arising from timing differences have been fully provided for.

G) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank

H) Earning Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by Weighted average number of equity shares outstanding during the period.

Diluted Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by Weighted average number of equity shares outstanding during the period by adjusting for the effects of all dilutive potential equity shares.

I) Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events, for which it is probable that and outflow of economic benefits will be required to settle the obligation and are liable estimate can be made for the amount of the obligation.

J) Prior Period and Extra Ordinary Items

Prior Period items and extra Ordinary items having materials impact on the financial statements of the company are disclosed separately.



Contd.....3

(3)

K) Segment information

The company operate in a single reportable segment for the purpose of As 17 on "Segment Reporting" notified under the companies(Accounting Standard) Rules, 2006. The Company operates in a single geographical segment.

L) Classification of Loan Portfolio

Loans and Advances are Classified as Standard assets, Sub- Standard assets, Doubtful assts and loss assts as follows;

- | | |
|------------------------|-----------------------------------|
| 1. Standards Loans | : No over dues are reported |
| 2. Sub- Standard Loans | : Over dues up to 30 days |
| | : Over dues 31 to 60 days |
| | : Over dues 61 to 90 days |
| | : Over dues 91 to 180 days |
| | : Over dues 181 to 365 days |
| 3. Doubtful Loans | : Over dues more than to 365 days |

M) Provision / Write off for Non- Performing Assets

Provision for Non performing assets is made in accordance with the following guidelines :

- | | | |
|------------------------|-----------------------------------|-------|
| 1. Standards Loans | : No over dues are reported | 1.25% |
| 2. Sub- Standard Loans | : Over dues up to 30 days | 10% |
| | : Over dues 31 to 60 days | 10% |
| | : Over dues 61 to 90 days | 10% |
| | : Over dues 91 to 180 days | 50% |
| | : Over dues 181 to 365 days | 100% |
| 3. Doubtful Loans | : Over dues more than to 365 days | 100% |

O) Loans are provided for as per management's estimates, subject to the minimum provision required as per Non- Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms(Reserve Bank) Directions, 2007 as amended from time to time

3.Loan Portfolio classification and provisions for non performing Assets:

Provision for Non performing Assets Rs. 1, 94, 41,897/- (Previous year Rs. 1, 56, 52,745/-) has been provided for the Microfinance Portfolio Loans as shown below.

Portfolio Classification	Portfolio Loan	Provision
Standards Loans	1161448416	14518105
Over dues up to 30 days	3809381	380938
Over dues 31 to 60 days	495284	49529
Over dues 61 to 90 days	410062	41006
Over dues 91 to 180 days	1350602	675301
Over dues 181 to 365 days	868768	868768
Over dues more than to 365 days	2908250	2908250
	1171290763	19441897

Amount of Rs.13, 18,791/- was written off during the Year.

4. Miscellaneous Expenditure_

The expenses shown under miscellaneous expenditure are amortized as follows:

- i) Preliminary & Pre-operative expenses (to the extent not capitalized) are amortized over Ten years.



Contd....4.



(4)

5. Auditors remuneration paid/payable:

	<u>2012-2013</u>	<u>2011-2012</u>
	(Rs.)	(Rs.)
For Audit	<u>100000</u>	<u>100000</u>

6. Additional information as far as applicable pursuant to part II of schedule VI of the Companies Act, 1956

	<u>2012-2013</u>	<u>2011-2012</u>
i) Value of Imports ...	NIL	NIL
ii) Expenditure in Foreign Currency ...	NIL	NIL
iii) Earning in Foreign Currency ...	NIL	NIL

7. Taxation :

Current tax is provided for in the accounts on the taxable profits of the year at applicable tax rate.

	2012-2013	2011-2012
Deferred tax Assets :		
Difference due to disallowance of provision for Standard and Non-performing Assets	16,54,974.00	-
Differences in Depreciation	1,94,810.00	3,89,376.00
Net Deferred tax assets :	18,54,784.00	1,22,653.44

8. Earning Per Share

<u>Particulars</u>	<u>2012-2013</u>	<u>2011-2012</u>
Net Profit after tax as per Profit and Loss A/c	4,24,65,348.30	3,45,68,375.82
Weighted average equity	1,36,10,800	1,10,48,300.00
Basic earning per share	3.12	3.12
Diluted earning per share	2.17	3.12

9. Components at cash and cash equivalents

<u>Particulars</u>	<u>2012-2013</u>	<u>2011-2012</u>
Cash and Bank balance		
Cash in hand	30,88,349.78	6,35,369.76
Balance with bank		
On Current A/c	13,87,66,142.04	7,44,54,509.00
On Deposit A/c	<u>12,58,02,500.00</u>	<u>10,26,25,000.00</u>
Total	26,76,56,991.82	17,77,14,878.76
Less : Bank deposits not considered as Cash and cash equivalent	<u>12,58,02,500.00</u>	<u>10,26,25,000.00</u>
Cash and Cash Equivalent	14,18,54,491.82	7,50,89,878.76



Contd....5.

(5)

10. During the year the company has sold loans through direct securitization. The information on direct securitization activity of the company as an originator is as shown below:

<u>PARTICULARS</u>	<u>2012-2013</u>	<u>2011-2012</u>
Total number of loans securitized	25764	-
Total book value of loans securitized	157839081	-
Sale consideration received for loans securitized	161504258	-
Principal Subordination	15783908	-
Cash Collateral	17052500	-

11. The Capital Adequacy Ratio of the company is 19.35% (Previous year 16.33%).

12. Previous year figures have been re-grouped / re-arranged/ recasted whenever necessary to make them more comparable with Current Years figures.





S.K.Das
M.Com, LLB, FCA

Sanjoy K. Das & Co.
CHARTERED ACCOUNTANTS.
FLAT NO-D-1, CHANDRALAYA APARTMENT,
LAMB ROAD, AMBARI, GUWAHATI-781001
Phone : 0361-2544394, +919435540093(M)
e-mail : sanjoy.kr.das12@hotmail.com

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS
RGVN(NORTH EAST) MICROFINANCE LIMITED.

As per the direction "Non-Banking Financial Companies Auditor's Report(Reserve Bank)Directions, 2008" by the Reserve Bank of India , We report that in relation to the Financial year ended 31st March, 2013-

1. The Company is engaged in the business of Non-banking financial institution and it has obtained a certificate of Registration (COR) from RBI.
2. In our opinion, the company holding COR issued by the Bank, is entitled to continue to hold such COR in terms of its asset/income pattern as on 31st March, 2013.
3. The Non-Banking Financial company(NBFC) is not a Asset Finance Company(AFC), therefore provision of Circular no-DNBS.PD.CC NO. 85/03.02.089/2006-07 date December6, 2006, is not applicable.
4. Based on the criteria set forth by the Bank in the notification viz; Non- Banking Financial Company- Micro Financial Institutions(Reserve Bank)Directions, 2011 dated December 02, 2011 for classification of NBFCs as NBFC-MFIs, the non-banking financial company has been correctly classified as NBFC-MFI as defined in the said Directions with reference to the business carried on by it for the year ended 31st March, 2013.
5. Apart from the above , we also report that...
 - i) The Board of Directors of the company has passed a resolution for non-acceptance of any public deposits.
 - ii) The company has not accepted any public deposits during the period ended 31st March, 2013.
 - iii) The company has complied with the prudential norms relating to income recognition, accounting standards, assets classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial(Non-Deposit Accepting or Holding) companies prudential Norms(Reserve Bank) Directions, 2007.
 - iv) As per the paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
 - a) The Capital adequacy ratio disclosed in the return submitted to the Bank in form NBS - 7, has been correctly arrived at and such ratio is in compliance with minimum CRAR prescribed by the Bank.
 - b) The Company has furnished to the Bank the annual statement of capital funds, risk assets/ exposures and risk assets ratio(NBS-7) within the stipulated period

For SANJOY K. DAS & CO.

CHARTERED ACCOUNTANTS.



(S. K. DAS)
PROPRIETOR

MEMBERSHIP NO-050691

Place : GUWAHATI

Date : .