@ASIRVAD

SMALL LOANS BIG DREAMS.....

"Small loans can transform lives, especially the lives of women and children. The poor can become empowered. Jobs can be created, businesses can be launched, homes can be built, and individuals can feel a sense of worth again."

BOARD OF DIRECTORS
V P Nandakumar, Chairman
S V Raja Vaidyanathan, Managing Director
B N Raveendra Babu
Kalpana Iyer
V R Rajiven
Gautam Saigal
A Ramanathan
D.R. Dogra
Shailesh J Mehta

AUDIT COMMITTEE
Kalpana Iyer
Gautam Saigal
D.R. Dogra
Shailesh J Mehta

BORROWING COMMITTEE
V P Nandakumar
S V Raja Vaidyanathan
A Ramanathan
B.N. Raveendra Babu

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
V P Nandakumar
S V Raja Vaidyanathan
V R Rajiven
B.N. Raveendra Babu

COMPENSATION COMMITTEE
Shailesh J Mehta
V R Rajiven
B N Raveendra Babu
Gautam Saigal

ASSET LIABILITY COMMITTEE
A. Ramanathan
S V Raja Vaidyanathan
R Govindarajan, CFO
R Raghavendra Anand

RISK MANAGEMENT COMMITTEE
V R Rajiven
Kalpana Iyer
D.R. Dogra
Shailesh J Mehta

AUDITORS
M/s. Deloitte Haskins & Sells.,
Chartered Accountants,
Deloitte Centre, Anchorage II,
100/2, Richmond Road,Bangalore,
Karnataka-560 025

CHIEF FINANCIAL OFFICER
R Govindarajan

NATIONAL HEAD OPERATIONS -
R Raghavender Anand

CHIEF TECHNOLOGY OFFICER
Anand Sharma

COMPANY SECRETARY
Simi S S

INTERNAL AUDIT
M Mahender

DEBENTURE TRUSTEES
CATALYST TRUSTEESHIP LIMITED
Office No. 83 - 87, 8th floor , 'Mittal Tower',
'B' Wing, Nariman Point, Mumbai - 400021
Ph No: 022-49220542

AXIS TRUSTEE SERVICES LIMITED
Axis House,
Ground Floor, Wadia International Centre,
Pandurang Budhkar Marg, Worli,
Mumbai - 400 025
Ph No: 022 2425 5215

LIST OF BANKERS/LENDERS

Public Sector Banks

1 Andhra Bank
2 Bank of Baroda
3 Bank of India
4 Bank of Maharashtra
5 Canara Bank
6 Dena Bank
7 IDBI Bank
8 Indian Bank
9 Oriental Bank of Commerce
10 Punjab & Sind Bank
11 Pallavan Grama Bank
12 State Bank of Hyderabad (Now merged with SBI)
13 State Bank of India (SBI)
14 State Bank of Patiala (Now merged with SBI)
15 State Bank of Travancore (Now merged with SBI)
16 UCO Bank
17 Union Bank of India
18 United Bank of India
19 Vijaya Bank

Private Sector Banks

1 Axis Bank Ltd
2 Development Credit Bank
3 Dhanlaxmi Bank Ltd
4 Federal Bank Ltd
5 HDFC Bank Ltd
6 IDFC Bank Ltd
7 Karnataka Bank Ltd
8 Kotak Mahindra Bank Ltd
9 Lakshmi Vilas Bank
10 RBL Bank Ltd
11 South Indian Bank Ltd
12 Tamilnad Mercantile Bank Ltd
13 YES Bank Ltd

Refinance Institution

1 NABARD

Financial Institutions & Other Non Bank Lenders

1 Agri Development Finance Tamil Nadu Ltd
2 AU Financiers (India) Ltd
3 Bajaj Finance Ltd
4 Capital First Limited
5 Caspian Impact Investments
6 Family Credit Ltd.
7 Hero Fincorp Ltd
8 IFMR Capital Finance Pvt. Ltd
9 Maanaveeya Development & Finance Ltd.
10 MAS Financial Services Ltd
11 Reliance Capital Ltd
12 Religare Finvest Ltd
13 Shapoorji Pallonji Finance Pvt Ltd
14 TATA Capital Finance Services Pvt. Ltd

Foreign Banks

1 BNP Paribas
2 CTBC Bank
3 SBM Bank (Mauritius) Ltd
4 Shinhan Bank

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DIRECTORS AND THEIR PROFILE

Mr.V.P.Nandakumar, holds a post graduate degree in Science, with additional qualifications in Banking & Foreign Trade. He is the Managing Director & CEO of Manappuram Finance Ltd. He began his career with the erstwhile Nedungadi Bank Limited but in 1986, he had to resign from the Bank in order to take over the family business, upon the demise of his father, V.C. Padmanabhan. In 1992, he promoted Manappuram Finance Ltd. and since then has led the company initially as Chairman & Managing Director and since 2012 as Managing Director & CEO. Over the last two decades, Mr. Nandakumar has earned recognition in India's stock market circles as a leading wealth creator for investors.

Mr. V.P. Nandakumar is a managing Committee member of leading trade and industry associations such as ASSOCHAM and FICCI. He is the immediate Past Chairman of CII, Kerala. In January 2017, he was ranked by the Business Today magazine as one among the Top 40 CEOs from the BSFI sector. In November 2016, he was one among a few select corporate leaders from India to be shortlisted for the CNBC Asia Business Leader Award 2016 held at Jakarta, Indonesia.

S.V. Raja Vaidyanathan, B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI, ACS and has more than 36 years of experience in the field of financial services, infrastructure, media, telecom & Retail sectors in large private sector.

Mr. B.N. Raveendra Babu, is a Post Graduate in Commerce with additional qualification in Management Accounting from the U.K. He occupied senior positions in Finance and Accounts in various organizations in the Middle East. He is Director of Manappuram Finance Ltd since 1992 and the current Executive Director.

Smt Kalpana Iyer FCA, Kalpana is a Chartered Accountant with more than 28 years of experience in the Banking and Financial Services sector. She worked with Citibank India for over 16 years and in her last assignment was Head of Microfinance for Citibank India. Since 2007 she has been in the Management Consultant practice, based out of Mumbai. As part of her consulting assignments, Kalpana has worked across a diverse range of businesses and has worked on both, strategy and execution oriented assignments. She has also worked with Private Equity firms in due diligences and enabling investments in the financial services sector. She is on the board of 3 other NBFCs.

Mr. V.R.Rajiven, is a Law graduate and a 1977 batch IPS officer belonging to Kerala Cadre. He retired in 2010 in the rank of Director General of Police. He is a recipient of Police Medal for Meritorious Service and President's Medal for Distinguished Service. After retirement , for a short period he had worked as the CEO of M/s KGS Nelsun Kraft Paper Manufacturing Mill (Cochin Kagaz Ltd.) at Karukutty, Angamaly, (a subsidiary of KGS Corporate Group Chennai). He is also functioning as an Independent Director in the Manappuram Finance Ltd. Director Board from the year 2013.

Mr. Gautam Saigal, is founder of Pachira Financial Services LLP. He has over 25 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK. Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India Private Equity Advisory practice. Gautam has been a member of the Board of Directors and Board Committees in several companies across sectors including in Financial Services, Telecom, Energy Distribution, Healthcare, IT Services, Consumer Products, Logistics, Education etc. Gautam, is a qualified Chartered Accountant and a post graduate in Commerce from the Calcutta University.

Mr.A.Ramanathan, M.B.A. He retired as a Chief General Manager from NABARD, Micro Credit innovations Department. He is an expert in Institutional Development, Organisational Development Intervention, Microfinance, Non Conventional Training Intervention etc. He has more than 36 yrs of rich experience in the Financial sector

Mr. Desh Raj Dogra, has four decades of experience in the financial sector and in credit administration. Recently he retired as the Chief Executive Officer and Managing Director at Credit Analysis and Research Limited (CARE) on August, 2016. He joined CARE as Deputy General Manager in 1993 and was one of the first employees of CARE.He started his career in 1977 with the Himachal Pradesh Government and worked on agriculture development projects for a year. He started his career in financial sector by joining Dena Bank in 1978 and in a career spanning 15 years acquired expertise in various facets of banking. Mr. Dogra served as Vice Chairperson and Public Interest Director at Metropolitan Stock Exchange of India Ltd until September 19, 2016. He serves as Independent Director on the Board of many large public listed and unlisted companies viz. S Chand and Company Limited, Welspun Corp Limited, Mercator Limited, Gandhar Oil Refinery (India) Limited, G R Infraprojects Limited, Asirvad Micro Finance Limited, Brickwork Risk & Investment Management Solutions Pvt. Ltd., ITI Mutual Fund Trustee Pvt. Ltd.Mr. Dogra is a MBA (Finance) from FMS, University of Delhi and Certified Associate of the Indian Institute of Bankers and Master's in Agriculture from Himachal Pradesh University.

Mr. Shalilesh J Mehta holds B.Tech. degree in Mechanical Engineering from Indian Institute of Technology, Mumbai, M.S. - Operations Research and Ph.D. in Operations Research and Computer Science from Case Western Reserve University in Cleveland, USA. He also has honorary Ph.D. from California State University.

He has 44 years of expertise in Financial Services, Banking, Insurance, Investments and Advisory.

He is Managing General Partner of Granite Hill Capital Partners LLC, Private Equity Fund.

He was previously Chairman of the Board and CEO of Providian Financial Corporation and also served as President and COO of Capital Holding. He has served on the boards of Master Card, Providian, PayPal, Hannover Direct, First Source solutions. Dr.Mehta served as a Trustee of the California State University System. He is founder and is on the Advisory Board of Shailesh J Mehta School of Management at IIT, Mumbai. He serves on the Board of Heritage Fund of IIT Alumni in USA.

He is the member of IIT Bombay Advisory Council and is former Chairman of the board of PANIIT USA alumni association.

Message from Chairman

Chairman's letter

It is my pleasure to present to you our 10th Annual Report for the year ended March 31, 2017. I am happy to report that your company has continued to do well over the last year, the second year of its existence as a subsidiary of Manappuram Finance Ltd. Our business has grown impressively and we have expanded our presence to many more new states. And, notwithstanding the temporary setback of recent months (following demonetisation), we are now well placed on the growth path and our future prospects remain bright.

Economic Outlook

Financial Year 2016-17 was an eventful year with some unexpected developments like Brexit, Donald Trump's victory in the US presidential elections, and the demonetisation of high value Indian currency notes. Consequently, the global economic recovery remained weak with a slowdown in international trade, increasing protectionism, and heightened levels of uncertainty following Brexit and the unexpected outcome of the US elections. However, the Indian economy has shown resilience despite the turbulence from demonetisation slowing down the economy in the latter half. The overall macroeconomic parameters of the country have registered improvement with policy support aiding structural strength and efficiency. The Indian economy also emerged as a preferred destination for foreign investment.

Both the IMF and the World Bank have appreciated India as a bright spot in the global economy following recent reforms. The year 2016-17 saw important economic, institutional and behavioural reforms such as the Insolvency and bankruptcy Code, creation of Monetary Policy Committee, the revised FRBM framework, passage of GST, and of course, demonetisation and the larger thrust towards cashless or less-cash economy. Also, inflation remained well under control and improvements in the twin fiscal and current account deficits further strengthened the macroeconomic picture. India's prospects for the coming FY 2017-18 appear bright with policymakers focused on removing bottlenecks and creating enablers for sustainable growth in the medium to long-term.

The Government has displayed a visible commitment to the reforms agenda, and made clear its intention to stick to fiscal consolidation. Continuing policy and structural reforms, larger than expected benefits from GST, a conducive economic environment with persisting low global energy and commodity price will aid the growth momentum. India's GDP growth is expected to improve marginally to about 7.3 percent p.a. from 7.1 percent recorded in FY2017 with an acceleration in the second half of the year expected after completion of re-monetization and from the efficiencies derived from past policy reforms.

At the same time, the fact that the private investment cycle is yet to pick up remains a cause for concern even as public investment is gaining some traction. Also, the strained balance sheet of banking system could curtail the pace of monetary transmission and lower credit growth slowing down growth.

At the global level, the gradual pace of normalisation of the US interest rate has been well discounted by the market, while slowdown in major economies such as the US, Europe and China will have limited impact on India due to relatively lower trade leverage. However, any upsurge in geopolitical risk including unexpected outcomes from European elections, can set off turbulence in global financial market which can impact India too.

Outlook for Non-Banking Financial Companies (NBFCs)

NBFCs are a key component for achieving financial inclusion in India. In terms of financial assets, NBFCs have recorded healthy growth with a CAGR of 19 per cent over the past few years. Retail NBFC portfolio growth is expected to slow down to around 16-18 percent in 2016-17 as compared to 19.5 percent growth recorded in 2015-16. The slowdown in retail credit growth was mainly due to fall in disbursements during the demonetisation affected third quarter of 2016-17 and a subdued recovery in the Q4 2016-17 across key asset classes.

Going forward the outlook for NBFC is expected to improve gradually with waning impact of demonetisation and stronger economic growth. The demand for credit will improve especially from the agriculture sector with the expectation of another year of normal monsoon. As for the risks, growth in 2017-18 can be impacted by the increasing competitive pressure from banks and the slowdown in some key asset classes including loan against property (LAP) and microfinance. On the whole, retail credit growth for NBFCs is expected to remain fall in the range between 16-18 percent for 2017-18.

Outlook for Microfinance Institutions (MFIs)

NBFC-MFIs play an important role in the government's agenda of financial inclusions as they cater to the unbanked sections of Indian society under the regulatory oversight of the Reserve Bank of India (RBI).

The microfinance industry has witnessed impressive growth over the past five years, growing at a CAGR of 45 percent. It has also evolved and matured with regulatory reforms following the Andhra Pradesh crisis (in 2010) that address product, pricing and protection of customer interest. Following these regulatory reforms, we have seen the emergence of regulated NBFC MFIs, the formation of a Self-Regulatory Organization (SRO), and transformation of some MFIs into universal and small finance banks.

With over 45 million end clients, a loan book of over Rs 1 lakh crore, and employing over 1.2 lakh people across 10,000 odd branches, the microfinance sector has emerged as a formidable force for the spread of financial inclusion in India. Despite the growth, the industry caters to less than 25 percent of the demand and this indicates the potential for future growth. The outreach of MFI has been growing rapidly over the past few years period due to low penetration of formal banking system, especially among lower income groups.

However the sudden withdrawal of higher denomination currency, announced on November 8, 2016, has had a negative impact on the industry due to its high dependency on cash transactions.

It was reported that average collection efficiency of the MFI had gone down from approximately 99 percent in October 2016 to 70 percent during Nov 7 - Nov 25, 2016 (the worst affected period) mainly due to limited supply of new currency post demonetization, disruption in borrower's cash flow due to decline in demand and the stretched working capital cycle in cash-based industries. There was a negative impact on livelihood generation and cash flows for microfinance customers as their businesses slowed down. This had further impact on collection efficiencies.

Subsequently, collection efficiency gradually improved to more than 80 percent once there was improvement in supply of new currency and following constructive measures taken by industry

players such as frequently meeting with defaulting borrowers to educate them regarding deterioration of credit profile in case of default.

The impact of demonetization has nudged the MFI sector to move towards cashless modes of operation. However it is expected that a significant proportion of MFI transactions would continue to be in cash due to small ticket size, lack of access to banks, and low penetration of smartphones among its low income customer base. Although the collection efficiency has now improved, the profitability of the MFI industry is expected to remain strained mainly due to higher NPAs and consequent increase in provisioning expense.

Finally, it may also be mentioned that the RBI dispensation on asset recognition provided to NBFC MFIs that was meant to help the industry may have had a contrary effect as it was mistakenly interpreted by some borrowers as dispensation on their loan repayments. In some states repayment rates dipped sharply due to activism by those who misunderstood the regulation and also because of rumours of a loan waiver from the state or central government.

Performance of the Company

Fiscal year 2016-17 was on the whole a good year for your company as it was able to grow its business substantially to end the year with an AUM of nearly 1,800 crore, an 80 percent increase compared to the year ago. Net profit for the year ended March 31, 2017 stands at about Rs. 34 crores, a healthy increase over the Rs.24 crores we had reported for FY 2015-16. While interpreting these profit figures, it is useful to keep in mind that Asirvad has not availed the RBI dispensation to postpone NPA recognition. Moreover, the company follows tighter provisioning norms than what is required by regulations. Consequently, the provisions made by the company exceed the mandatory RBI requirement by Rs.11.80 crore.

While the AUM has grown impressively, it is true that the momentum of growth seen in the first two quarters was not quite maintained in the third and fourth quarters. There are two economy related factors that we believe account substantially for the slowdown we faced in the second half of the year. The first of these was demonetisation in November. The initial impact of disruption to our operations caused by shortage of cash is no more an issue since cash supply has been restored. However, the longer term impact, particularly relevant to us, is that demonetisation appears to have disrupted the working capital cycle of businesses in the unorganised sector. Our observation is that this sector is still getting back on its feet and it may take another quarter or so before things really get back to normal.

The second factor is the drought-like situation and acute water scarcity faced by the southern states, particularly by Karnataka, Tamil Nadu and Kerala (with AP and Telengana also affected badly). These are all key markets for us and, not surprisingly, our business was affected too. Going forward, Indian Meteorological Department has predicted normal rains this year and that will be positive for the company.

Thank you

I am grateful to all our shareholders and other stakeholders for all the support given to the company in the last one year and before. We are especially thankful to the Reserve Bank of India for the support given to the industry in the difficult days following demonetisation. I must also make a special mention of Mr. Raja Vaidyanathan, MD, and his management team, for having steered the company so well in difficult times. We hope to sustain the performance and keep growing the business over the coming years and thereby continue to live up to your expectations.

With best wishes,

V.P. Nandakumar,
Chairman

PARTICULARS	Mar-08	Mar-09	Mar-10	Mar-11	Mar/12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
Operational metrics										
# Members enrolled	6,092	57,276	147,850	334,135	387,535	426,489	531,760	700,628	1,137,758	1,914,942
# Active members	6,092	48,425	126,483	219,043	173,109	113,416	211,260	277,615	600,815	1,193,328
# Centres	235	2,152	6,137	12,380	15,205	17,375	25,958	36,083	71,056	101,238
# Branches	2	19	49	85	78	64	94	141	343	763
# Districts covered	2	7	14	22	21	20	30	44	101	247
# States & UT covered	1	1	1	1	1	1	4	5	13	17
Total staff	19	130	327	531	416	280	351	553	1,810	3,897
Disbursal during the year (Rs in crores)	3	25	118	314	466	595	840	1,229	2,437	2107
Portfolio Outstanding (Gross)	286	1,509	6,243	10,101	7,937	10,246	18,882	32,200	99,800	179,100
PAR (Rs in lakhs)	-	-	2	63	1	-	5.6	27.14	97.06	21672.94

DIRECTORS' REPORT

The Directors are pleased to present the 10th Annual Report of your Company with the Audited Financial Statements for the year ended March 31, 2017.

(Rs. in Crores)

FINANCIAL RESULTS	For the Year ended 31st March, 2017	For the Year ended 31st March, 2016
Gross Income	363.42	156.09
Total Expenditure	311.11	119.82
Profit before Tax	52.31	36.27
Tax expense net of Deferred tax	17.98	12.31
Profit after Tax	34.33	23.96
Appropriations		
Transfer to Statutory Reserve	6.87	4.79
Surplus in Profit & Loss	27.46	19.17

Reserves & Dividend

During the year an amount of Rs.6,86,63,599/- representing 20% of the current profits of the year of the Company transferred to Statutory Reserve.

Conversion to Public Limited Company

During the year, Asirvad has been converted from Private Limited Company to Public Limited Company , the effective date of conversion being 1st September, 2016. The Company has received the fresh Certificate of Incorporation from "Registrar of Companies" Chennai and also received the Certificate of Registration from the Regulator.

Lending Operations and Business Performance

During the year, your Company expanded its operations to the state of Rajasthan, Maharashtra and Odisha as part of diversifying into other areas. The operational highlights of your Company are:

- Client base has increased to 11.9 lakhs across 763 branches in 17 states (from 6 Lakhs across 343 branches in 13 states)
- Gross Loan Portfolio at Rs. 1,796Crs (Rs.998 Crs as on March 2016).
- Total disbursement during the year was at Rs.2,107Crs (Rs. 1108 Crs for FY 2016).
- Your Company has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.
- Head Count of 3861 employees (as against 1810 for FY 2016).

Credit Rating

CARE has maintained the grading of your Company to **"MFI 1"**, the highest in the industry. The bank loan rating is also upgraded by two notches to **"CRISIL A+/Stable"** by CRISIL & **"CARE A+"** by CARE

RBI Guidelines

Your Company is registered with RBI as Non-Deposit Non-Banking Company by their original letter in December 2007. RBI's approval was regularized vide their letter DNBS (Che)/CMD/

3843/13-27.056/9-16 dated 19th April 2010. RBI had also issued the Certificate of registration as NBFC-MFI to your Company on 4th of October 2013. Your Company has also complied with all applicable regulations of Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that your Company did not accept any public deposits during the financial year under review. Your Company continues to comply with all the guidelines prescribed for a systematically important NBFC.

The Board of Directors and its various Sub- Committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity Risk Management, Interest Rate Risk, Funding and Capital Planning, Profit Planning and Growth Projections, Pricing, Credit Risk, Portfolio Risk Management, Operational and Process Risk Management have also been reviewed from time to time and the Sub-Committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central bank at periodic intervals.

Capital Adequacy

As of March 31, 2007 your Company's total Capital Adequacy Ratio (CAR) stood at 20.6%, well above the regulatory minimum of 15.0%.

Issue of Capital

The authorized share capital of the Company is Rs. 40 Crores represented by Rs. 30 Crores of Equity and Rs. 10 Crores of Preference Share Capital. The paid-up capital of your Company as on reporting date was Rs. 26.28 Crores.

Subordinated Debt

As at March 31, 2017, the Company's outstanding subordinated debt stood at Rs. 115 crore. The debt is subordinated to present and future senior indebtedness of the Company and has been assigned the rating of 'CRISIL A+/Stable'. Based on the balance term to maturity, as at March 31, 2017, Rs. 115 crore of the book value of subordinated debt was considered as Tier II under the guidelines issued by the Regulator for the purpose of capital adequacy computation.

Credit Bureau Subscription

Your Company continues to submit monthly and weekly data to Highmark, CIBIL, Equifax and Experian Credit Bureaus and also use their credit report for each all loan sanctions. This coupled with great deal of hard work, intense follow-ups and efficient processes have resulted in constantly building high quality assets with minimal delinquencies.

Fair Practices Code

RBI had been issuing revised Fair Practices Code guidelines from time to time and your Company has adhered to all of them without any compromise. The new Fair Practices Code, code of conduct, Code of Ethics and Grievance Redressal Mechanism which have been approved by the Board are displayed prominently in all the branches of your Company.

Asirvad Development Foundation

Asirvad Development Foundation (ADF), the Corporate Social Responsibility arm of the Company had been providing financial assistance to the underprivileged deserving students for Education, meeting emergency health care requirements of the needy. The details are included in the report on Corporate Social responsibility which is a separate annexure forming part of the Directors Report.

Board Meetings

The Board of Directors met 10 times during the year on 06.05.2016, 01.07.2016, 12.07.2016, 03.08.2016, 24.08.2016, 09.09.2016, 02.11.2016, 20.12.2016, 01.02.2017 and 15.03.2017

Declaration from Independent Directors

The Company has received necessary declaration from each Independent Directors of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6). The Company has also received undertaking and declaration from each director on fit and proper criteria in terms of the provisions of Corporate Governance (Reserve Bank) Directions, 2015.

Directors

During the period under review there were changes in the composition of Board of Directors.

During the year, Mr. Desh Raj Dogra was appointed as Additional Director of the Company on 09/09/2016 and Mr. Shailesh Jayantilal Mehta was appointed as Additional Director of the Company on 02/11/2016.

Composition of Audit Committee

Audit Committee comprises 3 independent directors and 1 non- independent director.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, the Directors confirm that

i. In the preparation of the Annual Accounts, all the applicable accounting standards had been followed with the proper explanation relating to material departures.

ii. The directors had 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 and loss of the Company for that period.

iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The directors have prepared the annual accounts on a going concern basis and

v. The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal Controls are adequate and were operating effectively.

Explanation- For the purpose of this clause, the term "Internal financial Controls" means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

VI. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Extract of Annual Return

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014, an extract of annual return in MGT-9 as a part of this report is annexed.

Auditors

At the AGM held on September 12, 2014, the members had appointed Messrs Deloitte Haskins & Sells, Chartered Accountants, as the statutory auditors of the Company to audit the accounts, for a period of 5 financial years, to hold office as such until the conclusion of the ensuing AGM, subject to them ratifying the said appointment at every AGM. The Company has received a confirmation from Messrs Deloitte Haskins & Sells to the effect that their appointment, if ratified, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made thereunder. The board proposes to the members to ratify the said appointment of Messrs Deloitte Haskins & Sells.

The Company has also appointed M/s Varma and Varma as Internal Auditors to conduct internal audit of the company from 1st Jan, 2017.

Management Discussion and Analysis

Management Discussion and Analysis report for the year under review has been attached as a separate annexure forming part of the Annual Report.

Corporate Governance Report

The Directors have adhered to the corporate governance requirements and have implemented the best corporate governance practices. A report on Corporate Governance of your Company will be attached as a separate annexure forming part of the Director's Report.

Corporate Social Responsibility

The Corporate Social Responsibility policy (CSR Policy) activity has been undertaken by the Company and has also been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The report on CSR activities is annexed herewith as Annexure.

Internal Financial Control

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control is commensurate with the size and nature of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with company's policies.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. S. Hari, practising company secretary to undertake the secretarial audit of the Company for the Financial Year 2016-17. The Secretarial Audit Report is annexed to this report.

Particulars of Employees' Remuneration

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Mr.S.V.Raja Vaidyanathan, Managing Director has drawn Rs. 1,75,00,004/- during 2016-17 as his remuneration which falls under the ceiling.

Whistleblower Policy & Vigil Mechanism

The Company has a board approved Whistleblower Policy and vigil mechanism to ensure that all employees/directors of the Company work in a conducive environment and are given a platform

to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Company's Code of Conduct. The policy provides that the whistleblower shall be protected against any detrimental action as a result of any allegations made in good faith. During the year, no personnel was denied access to the audit committee for expressing his concerns or reporting grievances under the Whistleblower Policy and/or vigil mechanism.

Prevention, Prohibition and Redressal of Sexual Harassment of Women At Workplace

The Company is committed to providing and promoting a safe and healthy work environment for all its employees as per Prevention, Prohibition and Redressal Act, 2013. A 'Prevention of Sexual Harassment' ("POSH") policy that is in line with the statutory requirement, along with a structured reporting and Redressal mechanism is in place.

During the financial year 2016-17 the Company received no complaints under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Energy Conservation, Technology Absorption And Foreign Exchange Earnings And Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under section134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (accounts) Rules, 2014, your Company had not engaged in any activity relating to consumption of energy or technology absorption. Your Company had not spent any foreign currency expenditure and your Company has no foreign currency earnings.

Regulatory Actions

There are no significant or material orders passed by the regulations or Courts or Tribunals impacting the going concern status and operations of the Company in future.

Particulars of Loans, Guarantees or Investments

The Company has not given any loans/guarantees and has not made any investment in securities as covered under Section 186 of the Companies Act, 2013

Particulars of Contracts and Arrangements with Related Parties

All Contracts, Arrangements and Transactions entered by the Company during the year with related parties were on an Arm's length price basis. During the year the Company had not entered into any contract, arrangements and transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Acknowledgement

Your directors express their appreciation for the assistance and co-operation received from Banks, Financial Institutions, Government Authorities, Customers, Vendors and other members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the sincere and committed services by the executives, staff and other employees of your Company.

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman & Director

S.V. Raja Vaidyanathan
Managing Director

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I.	REGISTRATION AND OTHER DETAILS:	
i.	CIN	U65923TN2007PLC064550
ii.	Registration Date	29/08/2007
iii.	Name of the Company	ASIRVAD MICROFINANCE LIMITED
iv.	Category/Sub-Category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON GOVERNMENT COMPANY
v.	Address of the Registered office and contact details	DESHBANDHU PLAZA, FIRST FLOOR 47, WHITES ROAD, CHENNAI-600014
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and TransferAgent,ifany	S.K.D.C. CONSULTANTS LIMITED KANAPATHY TOWERS, 3RD FLOOR, 1391/A1, SATHY ROAD,GANAPATHY, COIMBATORE - 641 006 PHONE: +91 422 6549995,

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr.No.	Name and Description of main products / services	NIC Code of the Product/	% to total turnover of the company
1	Microfinance- Lending to microfinance borrowers through Joint Liability Group	MFI	99.98

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	%of shares held	Applicable Section
1.	Manappuram Finance Limited	L65910KL1992PLC006623	Holding	90.38%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. *Category-wise ShareHolding*

Category of Shareholders	No.of Shares held at the beginning of the year				No.of Shares held at the end of the year				% Change during the year
	Demat	Phys ical	Total Shares	% of Total	Demat	Phy sical	Total Shares	% of Total	
A. Promoter									
1) *Indian*									
a) Individual/ HUF	23,27,966		23,27,966	8.86%	23,27,966		23,27,966	8.86%	
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	2,37,49,979		2,37,49,979	90.38%	2,37,49,979		2,37,49,979	90.38%	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	
Sub-total(A)(1):-	2,60,77,945		2,60,77,945	99.24%	2,60,77,945		2,60,77,945	99.24%	
2) *Foreign*	-	-	-	-	-	-	-	-	-
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. *Institutions*	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
(i) Indian									
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	13,334	5,000	18,334	0.07%	13,334	5,000	18,334	0.07%	
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,80,357		1,80,357	0.69%	1,80,357		1,80,357	0.69%	
c) Others(Specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	1,93,691	5000	1,98,691	0.76%	1,93,691	5000	1,98,691	0.76%	
TotalPublic Shareholding (B)=(B)(1)+ (B)(2)	1,93,691	5000	1,98,691	0.76%	1,93,691	5000	1,98,691	0.76%	
C. Shares heldby Custodianfor GDRs&ADRs	-	-	-	-	-	-	-	-	-
GrandTotal(A+B+C)	2,62,76,636		2,62,76,636	100%	2,62,76,636		2,62,76,636	100%	

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holdi ng durin g the year
		No. of Shar es	% of total Shares of the compa ny	% of Shares Pledged / encumbe red to total shares	No. of Shar es	% of total Shares of the compa ny	%of Shares Pledged / encumbe red to total shares	
1.	Mr. S.V. Raja Vaidyanathan	22,27,966	8.48%	-	22,27,966	8.48%	-	-
2.	Ms. Anjana Vaidyanathan	1,00,000	0.38%	-	1,00,000	0.38%	-	-
3.	M/s. Manappuram Finance Limited	2,37,49,979	90.38%	-	2,37,49,979	90.38%	-	-
	Total	2,60,67,945	99.24%	-	2,60,67,945	99.24%	-	-

iii. Change in Promoters' Shareholding(please specify,if there is no change

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,60,67,945	99.24%	2,60,67,945	99.24%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the End of the year	2,60,67,945	99.24%	2,60,67,945	99.24%

iv. *Shareholding Pattern of Top 10 shareholders(other than Directors, Promoters and Holders of GDRs and ADRs):*

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,98,691	0.76%	1,98,691	0.76%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1,98,691	0.76%	1,98,691	0.76%

v.*Shareholding of Directors and Key Managerial Personnel:*

Sr. no	For Each of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	23,86,655	9.08%	23,86,655	9.08%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	23,86,655	9.08%	23,86,655	9.08%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	7,57,42,65,096	10,00,00,000	-	7,67,42,65,096
ii) Interest due but not paid				
iii) Interest accrued but not paid	10,90,13,300	-	-	10,90,13,300
Total (i+ii+iii)	**7,68,32,78,396**	**10,00,00,000**	-	**7,78,32,78,396**
Change in Indebtedness during the financial year				
-Addition	5,72,46,65,096	1,94,96,00,000	-	7,67,42,65,096
-Reduction	4,76,55,13,133	99,90,00,000	-	5,76,45,13,133
Net Change	**95,91,51,963**	**95,06,00,000**	-	**1,90,97,51,963**
Indebtedness at the end of the financial year				
i) Principal Amount	13,72,73,84,732	1,94,97,00,000	-	15,67,70,84,732
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	16,84,87,497	-	-	16,84,87,497
Total (i+ii+iii)	**13,89,58,72,229**	**1,94,97,00,000**	-	15,84,55,72,229

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sl. No.	Particulars of Remuneration	Mr. S.V. Raja Vaidyanathan Managing Director	Total Amount
1.	Grosssalary (a) Salary as per provisions contained in section 17 (1) ofthe Income-tax Act,1961 (b) Value of perquisite su/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act,1961	1,25,00,004	1,25,00,004
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as% of profit - others, specify...		
5.	Others, please specify	50,00,000	50,00,000
6.	Total (A)	1,75,00,004	1,75,00,004
	Ceiling as per the Act		

B.Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Kalpana Iyer	VR Rajivan	A Rama nathan	Gautam Saigal	D R Dogra	Shailesh mehta	Total Amount
	Independent Directors ·Fee for attending board committee meetings ·Commission ·Others,pleasespecify	1,93,500	2,56,500	3,55,500	-	1,12,500	67,500	9,85,500
	Total(1)	1,93,500	2,56,500	3,55,500	-	1,12,500	67,500	9,85,500
	Other Non-Executive Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify	-	-	-	2,83,500	-	-	2,83,500
	Total(2)	-	-	-	2,83,500	-	-	2,83,500
	Total(B)=(1+2)	1,93,500	2,56,500	3,55,500	2,83,500	1,12,500	67,500	12,69,000
	Total Managerial Remuneration	1,93,500	2,56,500	3,55,500	2,83,500	1,12,500	67,500	12,69,000
	Overall Ceiling as per the Act							

C.Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
		Simi SS	R. Govindarajan	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 (b) Valueof perquisite su/s17(2) Income-tax Act,1961 (c) Profits inlieu of salary under section 17(3) Income-tax Act,1961	7,86,583	32,73,885	40,60,423
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as%of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	Total	7,86,583	32,73,885	40,60,423

VII. PENALTIES/PUNISHMENT/COMPOUNDINGOFOFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD/ NCLT/Court]	Appeal made. If any(give details)
A.Company					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B.Directors					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. Other Officers In Default					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

MANAGEMENT DISCUSSION ANALYSIS

MANAGEMENT DISCUSSION ANALYSIS

Industry Overview

India's macro-economic indicators remained favourable despite uncertainties in the global economy. This was achieved by narrowing current account deficit, commitment towards fiscal consolidation, declining interest rates, lower inflation and building forex reserves. The country witnessed historic changes in terms of the passage of Goods and Services tax bill and demonetisation during the year which altered the landscape of the industry and outlook for the economy. Coupled with Government's focus on digitisation and thrust on financial inclusion to revive the economy, the future outlook remains positive though the year goneby was adversely impacted.

The inflation hovered marginally above 5% and the RBI reduced the repo rate by 50 basis points during the year in two tranches. The disruption caused as a result of demonetisation resulted in abundant liquidity with the Banks. The Banks opted for lower lending rates linked to MCLR and the benefits of the same could be passed on to the consumers.

Non-banking Financial Companies - Micro Finance Institutions (NBFC-MFIs) continued to play an active role in spreading the financial inclusion agenda though there has been a temporary set back in the loan growth and delays in loan repayments by the Customers due to demonetisation. The growth rates which was at dizzying levels and in excess of 53% before demonetisation has tapered down to 26% after demonetisation.

According to a recent report, MFI's together have a branch network of 9012 (increase of 31 per cent over last year) with an employee count of 86,440 of whom the majority are loan officers providing door to door services to low income clients. The data also reveal that MFIs cater to around 2.75 Crore clients as of March, 2017, an increase of 30 per cent compared to the previous year. The aggregate gross loan portfolio of MFIs registered an increase of 26 per cent to Rs. 1,06,196 Crores as of March 2017 as compared to the previous year. Another aspect of the MFI sector in India is that market share is largely concentrated among a few big players. Large MFI players account for about 74 per cent of the industry gross loan portfolio (GLP).

The aggregate loans disbursed by NBFC MFIs during financial year 2016-17 has registered a growth of 13% per cent to Rs 50,266 Crores, as compared to the year before. There is an increase in loan size too with the average loan amount disbursed per account increasing by 21 per cent to Rs 17,805 in March 2017.

FINANCIAL YEAR 2016-17

The Financial year 2016-17 has been a year of mixed fortunes for Asirvad as the company put up highest aggregate growth in its portfolio since inception, increasing its geographical presence by venturing into 3 New States and utilising the existing infrastructure for improved employee productivity. The Company believes that every relationship which it has is an opportunity for growth. Towards this, it has initiated several measures aimed at improvement of customer service levels in sync with their requirement.

The AUM of the Company crossed Rs. 1700 Crores by October 2016. However, the growth slowed down during the next four months due to acute cash shortage caused as a result of demonetisation of SBN notes. Also the loan collections were disrupted after the demonetisation period as its customers were affected adversely due to general slow-down in economic activity and non-availability of currency notes. Nevertheless there have been encouraging signs of pick up in loan demand from March, 2017 as the money supply situation has improved on considerable easing of cash withdrawal and other restrictions in the banking system. The micro loan disbursements will be focused in the Eastern States including West Bengal, Orissa, Assam & Bihar where the repayment track of the customers are generally good.

Assets Under Management

The loan approval process of Asirvad is decentralised, with set overall loan sanction limits, consideration of customer loan track and the loan cycle. During the year, Asirvad's loan book increased to Rs.1,796 Crores from Rs. 998 Crores in the previous year. The net increase in the loan book (after removing loans that have been securitised) was Rs. 1,722 Crores which has been determined after taking into account loan repayments of Rs. 1,317 Crores (previous year Rs. 552 Crores) and loans written off during the year amounting to Rs. 4.23 Crores (previous year Rs. 2.53 Crores). The growth in the microfinance loan book, after adding back loans securitised in the preceding twelve months was 79% . The SME loan book grew from Rs. 3.52 Crores as at 31st March 17 from Rs. 1.17 Crores during the previous year registering growth at 200%.

Securitisation

During 2016-17, the company securitised its assets worth Rs. 297 Crores during 2016-17 as against Rs. 161 Crores during the previous year. With securitisation, the company ensures broad basing of the borrowing profile and reduced cost of funds as the underlying assets rank for classification under priority sector lending by the Banks. The outstanding securitised assets portfolio stood at Rs. 74 Crores as on March 31, 2017.

Operational Highlights

Financial year 2016-17 saw good growth in terms of Business expansion and disbursements till October 2016. By then the company had already expanded to Rajasthan, Maharashtra and Odisha. Post demonetization, the borrowers were affected due to loss of livelihood and corresponding wages which had affected their repayment to Asirvad. This has resulted in affecting the loan growth for the period November 16 to March 2017.

However, things started to look up from the month of March 2017 with disbursements picking up. The Microfinance disbursements during the year was Rs.2,107 Cr. and the closing Microfinance AUM as on March 31, 2017 was Rs.1792 Crores and SME Portfolio Rs. 4 Crores. Asirvad recorded a growth in microfinance AUM of 79%. As on March 31, 2017 AML had become 6th largest MFI in India in terms of AUM. The AUM State-wise is outlined below:

State Name	Rs. in Crs.	%
Tamil Nadu & Puduchery	714	39.60
Kerala	105	5.86
Karnataka	309	17.25
Madhya Pradesh	122	6.80
Chhatisgarh	47	2.65
Punjab	40	2.24
Haryana	46	2.56
Chandigarh	2	0.12
Uttar Pradesh	81	4.51
Jharkhand	121	6.78
West Bengal	106	5.89
Bihar	65	3.64
Rajasthan	27	1.49
Uttarakhand	2	0.13
Maharashtra	3	0.14
Odisha	6	0.35
Total	1796	100

In terms of strategy, the concentration risk in Tamil Nadu has been reduced from 52.5% in March 2016 to 39.60 % as of March 31, 2017. With expansion in newer states it is proposed to reduce the concentration risk in any state and evenly pan out all India.

The following are some of the operational highlights:

Particulars	Mar-17	Mar-16
No. of States & Union Territories	17	13
No. of Branches	763	346
No. of Districts	252	101
No. of Employees	3,861	1810
No. of Active Members	11,93,328	6,00,815
Disb. In Crs.	2114	1108
Portfolio in Crs.	1796	998

FINANCIAL HIGHLIGHTS

Particulars (Rs. in Crores)	March 2017	March 2016	March 2015	March 2014	March 2013
Paid up Capital	26.27	26.27	20.76	8.07	8.04
Asset Under Management	1795.93	998.81	322.00	188.80	102.46
Borrowings	1592.70	778.32	240.17	165.29	98.98
Total Revenue	363.42	156.09	67.33	37.30	20.40
Pre Provision Profit	104.53	43.56	17.25	8.00	3.35
Profit after tax (Rs. in Crores)	34.34	23.96	10.40	4.70	2.13
Total Assets	1961.95	1044.61	368.81	215.44	131.96

KEY RATIOS

Ratio		2016-17	2015-16	2014-15
PBT / Total Income	%	14.39%	23.24%	23.19%
PBT / Total Assets	%	2.67%	3.47%	4.23%
ROE	%	13.9%	20.3%	22.8%
Return on Portfolio	%	2.46%	3.99%	4.00%
Capital Adequacy	%	20.6%	24.8%	35.0%
Book Value	Rs.	100.61	87.55	69.99
Net Interest Margin	%	9.96%	9.47%	7.41%

Resource Mobilisation & Treasury Operations

The funding for the business is from an optimum mix of equity and debt. The company continues to follow the policy of diversification of funding sources. The Company has existing relationship with about 53 lenders across Banks, Financial Institutions, NBFCs and Overseas FII investors, who have sanctioned of Rs 1574 Crores during the year, out of which Rs.1397 Crores

has been availed as on 31st March 2017. It includes Rs.356 Crores of NCDs and Rs.115 Crores of Subordinated Debt issued during the year. Undrawn lines as at the year end include around Rs. 430 Crores.

The Borrowing mix of the company as on 31st March 2017 is given below

Term Loan	52%
Non convertible Debentures	27%
Sub Debt	7%
Cash Credit	2%
Refinance from NABARD	12%

Investments

The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in mutual funds and/or Fixed deposit with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short term instruments. The Company also enjoys cash credit facility for managing its working capital requirements. As at March 31, 2017, the investment in Fixed deposits free of lien stood at Rs. 30 Crores.

Credit Rating

The long term rating has been assigned by Crisil which is two notches up during the Financial Year 2016-17 from the then existing credit rating. The summary of the rating and grading is as under:

Rating	CRISIL	CARE	ICRA
Long Term Instrument Rating	CRISIL A+/Stable	CARE A+	[ICRA] A Stable
Short Term Instrument Rating	CRISIL A1+	-	-
MFI Grading	-	MFI 1	-

Subordinated Debt

During the Financial year 2016-17, the Company issued subordinated debt instrument of Rs. 115 Crores. The debt is subordinated to present and future senior indebtedness of the Company and has been assigned the rating of 'CRISIL A+ Stable. Based on the balance term to maturity, as at March 31, 2017, the entire amount of Rs. 115 Crores of the book value of subordinated debt was considered as Tier II under the guidelines issued by the Reserve Bank of India for the purpose of capital adequacy computation.

Delinquencies

The company preferred to strengthen its credit norms and kept a close watch on delinquencies. The Company's gross NPAs and net NPAs stood at 4.6 % and 1.4 % respectively.

Provision for Contingencies

During the year, the Company made a provision for Doubtful debts of Rs. 52.2 Crores (previous year Rs. 7.3 Crores) through a charge to the Statement of Profit and Loss. The Provisioning is made higher than the amount to be provided for as per RBI norms which requires provisioning of 100% for assets falling due for more than 180 days. The Company provides 100% for assets

falling due for more than 120 days. This was done with the objective of further strengthening the Company's balance sheet.

Outlook, Risks and Opportunities

The Microfinance industry presents significant opportunity with a growing population, and rising incomes. The risks of competition is also increasing with the entry of new players and also the diversification by the existing players into other geographies. The company endeavours to overcome these risks and to sustain and improve its market position by superior innovation, consumer relevant communication and through a relentless focus on employee productivity.

Progress of New Initiatives

i. SME Loans

The rising income and prosperity levels in India has lead to many new opportunities such as SME and micro-housing finance and SME loans. The company continued to grow its SME book during the financial year. The SME portfolio has grown to Rs. 3.4 Crores as at 31st March, 2017 as compared to Rs. 1 Crore during the previous year. The company has been facing stiff competition from NBFCs and SFBs in this space. It has set higher targets for SME loans in the Financial year 2017-18 as compared to the previous year and will take measures aimed at expanding the network and grow the business volumes under this segment. It has also plans on hand to venture into micro housing loans in the near future which will add diversity to its existing loan products.

ii. Cashless loan disbursement

The company has continued its focus on cash less loan disbursement in all the States by crediting the loan amount to the savings bank accounts of the borrowers. As on 31st March, 2017, the cashless disbursement has climbed to 80% as compared to 1% as at the end of the previous year. It is planned to achieve 100% cash less disbursement over the next six months.

iii. CMS tie-up

The company has tied up for cash management services with a Private Sector Bank for Tamil Nadu. It has also tied up with private sector banks for CMS collection for the States of Kerala and Karnataka which will be implemented in the first half of the Financial year 2017-18. These arrangements will enable it to avoid cash carrying risk to a large extent, pooling of cash in the centralised bank accounts and availability of MIS location -wise in quick time.

SCOT OF ASIRVAD

Strengths

Quality service

The company provides financial services through simple processes and procedures in sanction and disbursement of credit as well as timely, friendly and flexible terms of repayment aligned to the unique features of its customers. Easy and fast appraisal and disbursements make the Company, the preferred choice for many of its customers.

Customer Insight

Focus on customer is one of the key factors that have driven the Company in all these years. A strong business model and a prudent insight about its customers gives the Company a competitive edge. Better risk management have made the company achieve commendable growth as well.

Opportunities

The aspirations in rural India are rising, and opportunities for those wanting to be entrepreneurs

are increasing. Also there are huge number of prospective borrowers who are at the bottom of the pyramix and the Company will be capitalising on this as it has large presence in these untapped areas.

Threats

Unforeseen events such as demonetisation, Interference from local political associations and intense competition from other MFIs and SFBs are the major threats for the MFI sector. The company has been consistently raising its standards to be the best at execution with renewed focus on customer service.

HUMAN RESOURCES

"Asirvad recognises that it is our employees make things happen, and its strength lies on the employees dedication and commitment towards their work".

Human Resources personnel in the Microfinance sector face a major challenge in acquiring resources with the right skills, aptitude and also on retention of the employee. The department has set up a scalable recruitment and human resource management process, which enables to attract and retain high performing employees. The department work to ensure the organisation remains competitive in its human resources management policies and practices by actively seeking and developing best practices, methods and approaches.

The Department of Human Resources contributes to the success of Asirvad and its administrators and employees through leadership, service and excellence in human resource management by mainly focusing on quality, excellence and continuous improvement.HR has played a vital role in supporting the business goals during the various changes in the sector as well as in the Company.

The Company has made a gross addition of 2051 employees in the financial year and the total manpower strength stood at 3861 PAN India as on 31st March 2017, with 15 States, 2 Union Territories and 763 branches.

The other challenge faced by the company is the generally prevalent high attrition % amongst the Field Staff. The compensation provided by our company is benchmarked to market standards and annual performance appraisals are conducted to retain the best talent and steps are taken to promote and reward high performing individuals.

Asirvad has always had committed, high vintage staff due to employee friendly work conditions, comparable monetary compensation and also the work challenges which have served as great motivators. And these have been the pillars of strength on which the edifice of the company has been built.

TRAINING

Training Team in its second year in 2016 - 17, has continued its successful journey of transforming the organization into a brand with most viable trained workforce.

- The Number of employees trained in Class room and On the job is 3357 which is 87% of the total work -force
- Asirvad FUN - Regular Induction Training and Certification Program for Field Operations and IA Teams started this year with more than 90% of the trained Field workforce are certified
- Special programs on Risk Management and Leadership Training were conducted to equip critical roles of State Heads - Operations, State Heads - IA, Divisional Managers, Chief Managers - IA etc on Risk and Leadership Management Skills
- First time Software Training & Certification Program for Data Entry Operators across India is done in Train the Trainer TTT Model
- ASIRVAD GUN - Refresher Programs done for the field roles to enable knowledge and problem solving

Organization is hugely benefited by the enormous results from its investment in Learning Department. With Trained employees, Asirvad's Branches are showing great improvement in performance in new member sourcing, collection, expansion, drop in day to day issues etc. Asirvad Training Team is headed by Head Training and supported by State Trainers at various locations.

Information Technology

IT at Asirvad is committed to operate and maintain a well governed, structured and process-oriented IT function that proactively delivers to the strategic and operational requirements for effective & efficient achievement of our mission & vision. Asirvad's IT policy is, to leverage technology in achieving customer service obligations, provide innovative services while complying with regulatory/statutory, contractual requirements and optimizing the transactional cost.

The IT infrastructure is created keeping following important factors:

- ✓ Information & Data Security
- ✓ Improved operational efficiency
- ✓ Efficient portfolio tracking and monitoring
- ✓ Better customer service
- ✓ Reduced transactional costs
- ✓ Compliance with regulatory/statutory requirements
- ✓ Moving towards paper less transactions
- ✓ Skilled IT professionals to manage & support
- ✓ Periodic training to end users for using various IT driven solutions

The IT wing is in the process of upgrading the IT infrastructure to make Asirvad one of the best tech enabled organization. Use of digital devices (tablets & mobiles) for online - real time receipting & accounting, eKYC & eSign based customer onboarding, a robust, scalable & functionally rich lending software solution, a functionally rich along with mobile self-service software for Human Capital Management, effective Analytics and MIS for portfolio monitoring and functional rich financial accounting software to cater all financial reporting.

INTERNAL AUDIT & CONTROLS

Audit and Internal Controls: Internal Audit and controls play an important role in Asirvad to ensure that the business operations are carried out as per the laid down policies of the company. The focus of the Internal Audit Team is not only to highlight the audit observations but also help the field level staff to rectify the mistakes and to ensure that similar mistakes are not repeated. The Board and Audit Committee reviews the adequacy and effectiveness of the internal audit function, including the structure of the internal audit department, annual audit plan, staffing etc., and ensures effective review process and compliance.

The objective of the Internal Audit is to provide a comprehensive check on the microfinance operations and staff by carrying out different types of audits viz., GRT Audit, Disbursement Audit, Center Audit, Document Audit and Branch Audit. In addition, special Branch Audits are undertaken as and when required to meet specific requirements of the company. It is ensured by Internal Audit that the eligibility criteria as per RBI guidelines are followed in the form of Credit Bureau check. The members who have already availed loans from 2 MFIs and whose outstanding is greater than the limits set by MFIN are kept outside the purview of loan portfolio with a view to make sure that the member borrowers are not over indebted.

The Internal Audit observations are broadly categorized into three types viz., major, less major and minor observations and these are highlighted to the operations department in the form of Red, Orange and Yellow Alerts. New Branch clearance is given from Internal Audit before 1st disbursement to ensure that the Branch Office is equipped with required infrastructure to commence the business operations as also comply with the statutory requirements as prescribed for NBFC-MFIs.

Compliance is critical to the Audit process. In order to ensure that the Branch and Divisional office staff understand the deficiencies and discrepancies regarding documentation, process and staff, compliance of the audit observations are mandatory for each Audit conducted.

RISK MANAGEMENT

Micro finance industry is in a most evolving stage in India carrying multiple risks and involve developing strategies to counter various emerging risks as well as key risks associated with any type of lending business. Asirvad is forefront in identifying and analysing the impact of internal and external risks with a special risk desk supporting various initiatives. Credit risk arising out of delinquencies on account of non-performing portfolio, operational risk arising out inadequate process or failed controls to predefined processes, liquidity risk impacting flow of funds to the organization and sector risk arising out political considerations, concentration risk arising out of multiple players are some of the major risks faced by the every organisation.

The risk management framework is perhaps one of the most important parameters that define the success of financial services organisation. The risk management programme in the organisation establishes multiple process of identifying and assessing the major risks covering all areas of the institution's activities. This includes all activities geared toward meeting its strategic, operational, reporting and compliance objectives. The management then develops ways to manage and mitigate these risks by implementing a strong robust system of internal control. The management is accountable to the reporting to the board of directors its assessment of the institution's risk and its efforts to manage and mitigate the risk. The board of directors is responsible to ensure that the management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit functions as one of the board of director's responsibilities.

The Board of directors and its various sub-committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity risk management, interest rate risk, funding and capital planning, profit planning and growth projections, pricing, credit risk, portfolio risk management, operational and process risk management have also been reviewed from time to time and the sub-committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Regulator at periodic intervals.

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CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

Asirvad Microfinance Limited ("the Company") is committed to practice good Corporate Governance standards in adherence to the RBI guidelines/directions, MCA guidelines and Companies Act and emphasizes the need for full transparency and accountability in all transactions in order to protect the interests of its stakeholders.

The Company believes that its business plans and strategy should be consistent with the above objective and thereby leading to sustained corporate growth and long-term benefit to all. Good corporate governance results from sound processes that ensure that the Directors are well supported by accurate and timely information, sufficient time and resources and unrestricted access to management. The business judgment of the Board must be exercised independently and in the long-term interests of shareholders.

As Asirvad believes that a strong professionally balanced Board of Directors is necessary to ensure the highest standards of Corporate Governance, we have an appropriate combination of executive and non executive independent directors with at least one woman director in our Board.

Presently the Board of Directors comprises of the following members:

1. Mr.V P Nandakumar, Chairman, Non-Independent and Non-Executive Director
2. Mr. S V RajaVaidyanathan, Managing Director
3. Mr.B N Raveendra Babu, Non-Independent and Non-Executive Director
4. Mr.Gautam Saigal, Non-Independent and Non-Executive Director
5. Ms.Kalpana Iyer, Independent and Non Executive Director
6. Mr.V R Rajiven, Independent and Non Executive Director
7. Mr.A Ramanathan, Independent and Non Executive Director
8. Mr.D R Dogra, Independent and Non Executive Director
9. Mr.Shailesh J Mehta, Independent and Non Executive Director

In terms of corporate governance philosophy, all statutory and significant material information is placed before the Directors to enable them to effectively supervise the Company.

Asirvad's Corporate Governance philosophy is based on the following principles:

- Compliance to laws in both letter and spirit
- Utmost transparency in dealings with all the stakeholders
- Clear communication of relevant information and high degree of disclosure levels
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally, in a truthful manner, about how the Company is running internally
- Have a simple, transparent and efficient corporate structure driven solely by business needs
- Create value for all stakeholders without compromising on ethical principles.

Board of Directors and Composition of the Board

During the year, the Company has an appropriate mix of executive and non executive Directors.

It includes professional independent Directors from various backgrounds which helps to ensure that the Company's performance is in line with the value of stakeholders and its continuous growth.

The following are the responsibilities of the Board of Directors:

- Keep the organization's mission, values, and vision at the forefront of all business decisions.
- Measure the performance of the institution under key areas of capital adequacy, asset quality, profitability, liquidity management, and financial audit, which provides the board with the capacity to adequately asses the strength of the institution's internal controls.
- Strategic planning for the organization which involves drawing up long term goals and identifying short term milestones in order to maintain effective tracking of the achievement of such long term goals.
- Monitor fiscal management and maintain accountability to funders and donors.
- Review and approve the annual budget, major program plans, and organizational policies.
- Ensure that adequate resources are available to the organization to fulfill the goals
- Determine and Monitor the Organization's Products, Services and Programs
- Define clear risk management and internal control policies and procedures

The Board of Directors currently consists of 9 members which includes 5 Independent Directors.

During the year ended 31st March 2017, 10 Board meetings were held on the following dates 06th May, 2016, 1st July, 2016, 12th July, 2016, 03rd August, 2016, 24th August, 2016, 09th September, 2016, 02nd November, 2016, 20th December, 2016, 01st February, 2017 and 15th March, 2017.

Particulars of the Attendance at the Board Meetings are given below:

S. No	Name of the Director	Category	Attendance
1	Mr. V.P. Nandakumar	Chairman	7/10
2	Mr. S.V. Raja Vaidyanathan	Managing Director	10/10
3	Mrs. Kalpana Iyer	Independent Director	5/10
4	Mr. B.N. Raveendra Babu	Non executive Director	8/10
5	Mr.V.R.Rajiven	Independent Director	7/10
6	Mr. Gautam Saigal	Non executive and Non Independent Director	7/10
7	Mr. A Ramanathan	Independent Director	9/10
8	Mr. D.R. Dogra*	Independent Director	2/4
9	Mr. Shailesh J Mehta*	Independent Director	3/3

* Appointed during 2016-17

Committees of the Board

Board committees are formed to help the Board of Directors to conduct its business more efficiently. Board committees improve the quality and efficiency of the Board by defining ways to address and resolve issues. The Committees also help focus on specific aspects which may miss the attention of the Board given the paucity of time and also on account of the multifarious issues that may be placed in front of the Board. Asirvad's Board has assigned considerable responsibilities to committees to work effectively. The Board is assisted by Committees which oversee the various aspects relating to Operations, Borrowing Strategy, Finance & Accounts, Compensation, etc. The Committees of the Board of Directors of the Company are as under:

Audit Committee

Terms of reference

- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing with management the annual financial statements before submission to the Board for approval with particular reference.
- Changes if any in accounting policies and practices and reasons for the same.
- Major accounting entries involving estimates based on the exercise of judgment by management.
- Significant adjustment made in the financial statement arising out of audit findings.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing with the management the quarterly financial statements before submission to the board for approval.
- Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control system.
- Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors regarding any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- To review the function of whistle blower mechanism in case the same exists.

Each Member of the Committee has relevant experience in the field of finance, banking and accounting with a majority of the Members being professionals with long years of corporate work experience. The Audit Committee consists of members who are not involved in the day to day functioning of the organization in any executive capacity which lends an air of independence to its functioning. Such independence helps the Committee members in impartially evaluating the financial aspects of the company and taking necessary corrective action.

During the year under review, the audit committee met 4 times on the following dates -06th May, 2016, 03rd August, 2016, 02nd November, 2016, 01st February, 2017. The details of the composition, number of meetings held and attendance thereat during the year are as under:

S. No	Name of the Director	Category	Attendance
1	Mrs. Kalpana Iyer	Independent Director	4/4
2	Mr. Gautam Saigal	Member, Non executive and Non Independent Director	4/4
3	Mr. V R Rajiven	Independent Director	3/4
4.	Mr. D.R. Dogra*	Independent Director	2/2

* Appointed during 2016-17

Borrowing Committee

The Borrowing Committee is in place to approve fresh borrowings from banks and financial institutions and also to empower designated individuals in the senior management to finalize the terms and conditions relating to the proposal under consideration. The Borrowing Committee met 17 times during the year.

Terms of reference

- To ensure that all financial arrangements/borrowings are within the overall borrowing limits of the Company.
- Approve financial arrangements whether as working capital demand loans or against assignment of receivables of the company or buy out of portfolios or by such other means with banks or other financial institutions and including the signing of such documents for facilities within the borrowing powers of the Board.
- Approve the creation of any mortgage/charge or other encumbrance over the company's properties or assets for the above purposes.
- Approve the issuing or providing or permitting the company to issue or provide any form of guarantee or indemnity or other financial or non-financial support in the ordinary course of business.
- To consider the issue of commercial papers and other short term or long term instruments for raising funds from the market.
- Authorize changes in signatories in respect of accounts maintained by the company with banks and other financial institutions.
- Authorization for opening, operation and Closing of Bank Accounts in different centers for different branches.
- Authorization for E-Net banking

Compensation Committee

Asirvad has a credible and transparent policy in determining and accounting for the remuneration of the directors. The objective was to determine the correct remuneration package while striking a balance between the interests of the company and the shareholders.

Terms of reference

1) **ROLE OF NOMINATION**

- The Committee shall put in place a broader policy describing the qualification, experience and other positive attributes for selection of Executive/whole time directors including their age of retirement.

- The committee shall formulate and put in place guiding principles to determine the qualities, qualifications, and the parameters to determine the 'fit and proper' criteria for appointment of independent Directors keeping in mind the diversity quotient the company's board shall maintain from time to time and subject to the applicable regulatory requirements.
- Filling in a timely manner vacancies on the board of the company including the position of executive/whole time directors.
- Selection of directors, key management personnel and persons to be appointed in senior management positions as defined by the board and recommend to the board for their appointment and removal thereof.

2) **ROLE OF FIXING REMUNERATION AND EVALUATION OF PERFORMANCE.**

- The committee shall formulate and recommend to the Board for its approval a policy relating to the remuneration for the directors & key managerial personnel from time to time.
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks
- Remuneration to directors, key managerial personnel involves a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- The committee shall review the performance of individual directors of the company on a yearly basis at the end of each financial year or at such periodicity as the committee deem fit and recommend to the board on the basis of such review, whether a director to be recommended for re-appointment or not.
- The committee shall review the performance of the Executive/Whole time Directors of the company and fix suitable compensation packages in consideration of their performance, contributions, the general business environment in which the company operates and financial position of the company. The remuneration package may be a combination of fixed and performance based bonus/incentives for the period under review.
- The committee shall along with the management review the performance of Key managerial personnel and senior management persons annually and fix their remuneration packages in accordance with the policies approved by the Board.

Asset - Liability Committee

Asset Liability Committee is constituted to monitor the asset liability gap, strategize action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities sides) in line with the company's budget and decided risk management objectives.

Terms of reference

- Management of liquidity position, long term and short term.
- Review of ALM Returns to be submitted to RBI.
- Decision on disposal of surplus funds of the company for shorter duration (up to 6 months).
- Notwithstanding anything stated herein above, the committee shall consider and discharge

such other functions as may be necessary for the day to day management of the company or such other functions as may be directed by RBI from time to time.

CSR Committee

Asirvad Development Foundation (ADF) is based on the philosophy of achieving sustainable economic development through philanthropy. Through philanthropic contribution and support of employee volunteerism, Asirvad Development Foundation aims in advancing social change through educational, financial, humanitarian and health-related initiatives.

- Providing financial assistance to the underprivileged deserving students for Education.
- Providing financial assistance to meet emergency health care requirements of those who are unable to afford the fees.
- Renovation of dilapidated school buildings, etc.
- Draft the CSR policy and recommend the same to the Board for approval.
- Review and recommend any new CSR initiatives to be taken up by the company including the selection/appointment of implementation agencies.
- Review the progress of CSR projects already undertaken by the company and the utilization of budgets for each such projects
- Review and recommend any amendments to be made in the CSR policy of the Company
- To carry such other functions as may be delegated to it by the board relating to CSR activities of the company.

RISK Management Committee

Risk management committee is to acknowledge and identify all of the risks faced by the organization. The committee then evaluates and prioritizes those risks and develops a written strategy for managing the risks.

- The purpose of the RMC review the risk management framework and risk appetite of the Company, examine the adequacy and effectiveness of the risk management policy, and ensure appropriate / adequate reporting to the Board with recommendations where required.
- To ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the Board.
- To ensure that the committee has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks, and to decide the company's appetite or tolerance for risk.
- To ensure that a systematic, documented assessment of the processes and outcomes surrounding key risks is undertaken at least annually.
- Call for appropriate data / information to confirm the risk assessments of the past or projections for the future including development of any key performance or risk tolerance indicators.
- Ensure that the risk management policy in force is in tune with regulatory requirements, corporate governance standards, emerging new risks and industry best practices.
- Review major breaches in policy.
- Appraise uncovered / residual risks to the Board.

Remuneration to Directors

No remuneration was paid to any Non-Executive Director except as Sitting Fees for attending the Board Meeting.

General Body Meeting

During the year 2016-17, 9th Annual General Meeting was held on 03rd August, 2016 and Two Extra ordinary General Meetings were held on 07th July, 2016 and 24th August, 2016. The details are given below:

S. No	Date	Time	Venue
1	03rd August, 2016 (AGM)	03.30 PM	Radisson Blu Hotel, GST Road, St. Thomas Mount, Chennai - 600 017
2	07th July, 2016	3.00 PM	First Floor, Lemuir House, GN Chetty Road, Chennai 17
3	24th August, 2016	01.00 PM	First Floor, Lemuir House, GN Chetty Road, Chennai 17

All the proposed resolutions, including special resolutions were passed by the shareholders as set out in their respective notices.

General Shareholder Information as on 31st March 2017

Category	No of shares	% of shareholding
Corporate Body	2,37,49,979	90.38
Others	25,26,657	9.62
Total	**2,62,76,636**	**100**

For and on behalf of the Board

V.P. Nandakumar
Chairman and Director

S.V. Raja Vaidyanathan
Managing Director

Date: **19th May 2017**
Place: Chennai

SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2017

(pursuant to section 204(1) of the Companies Act 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To

The Members
M/s Asirvad Microfinance Ltd.
'Deshbandhu Plaza'
No.47 Whites Road, 1st Floor
Chennai 600 014.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Asirvad Microfinance Limited (CIN No.U65923TN2007PLC064550) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Companies (Acceptance of Deposits) Rules, 2014.

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulation, Guidelines, Standards.

During the period under review:

1. The Company has taken loans from the Banks/Financial Institutions from time to time. Necessary charges in Form CHG-1 were filed.

2. The Company has allotted Secured Non-Convertible Listed Debentures.

3. The Company has not accepted Deposits from the public.
4. The Company has not taken inter-corporate loans in the year.
5. The company has taken loans amounting to Rs. 1,233 Crores during the year and necessary CHG-1 was filed with ROC in time.
6. During the year, a few loans were fully repaid by the company amounting to Rs.246 Crores. Accordingly, under Sec. 82 of the Companies Act 2013, Satisfaction of charges in Form No. CHG-4 were filed with the Registrar of Companies for the aforesaid amount in time. This does not, however, include part repayment of loans.
7. The Management of the Company has been taken over by M/s Manappuram Finance Limited, by acquiring majority shares in the Company. The Company has converted as a Public Limited Company effective from 1st September 2016.
8. The Company has not declared dividend during the year
9. The Company's Authorized Share Capital remains at Rs.40 Crores.
10. The company has spent the eligible profit on Corporate Social Responsibility Measures through Asirvad Development Foundation, a Trust created for this purpose.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. From the time of incorporation, the Company has a Woman Director as required under sec.149 of the Companies Act 2013.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent to the Directors at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for a meaningful participation for the directors at the meeting.

Decisions were carried unanimously. However, important discussions on members' views are captured and recorded, as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure 'A'

To,

The Members
M/s Asirvad Microfinance Ltd.
'Deshbandhu Plaza'
No.47 Whites Road, 1st Floor
Chennai 600 014.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on the Secretarial Audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place:Chennai
Date: 19th May 2017

Signature:
S. Hari
Company secretary in practice
FCS No. 821
C P No.: 4276

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Asirvad Development Foundation (ADF), the Corporate Social Responsibility arm of the Company had been providing financial assistance to the underprivileged deserving students for Education, meeting emergency health care requirements of those who are unable to afford the fees, renovation of dilapidated school buildings, construction of ladies toilets in schools etc. ADF is based on the philosophy of achieving sustainable economic development through philanthropy. Through philanthropic contribution and support of employee volunteerism, Asirvad Development Foundation aims in advancing social change through educational, financial, humanitarian and health-related initiatives.

Education is a tool to refine human mind and intellect. However it is very unfortunate that a lot of children are unable to afford education due to poverty. An educated child will turn out to be a worthy citizen of the country. One of the primary objectives of Asirvad Development Foundation is to foster the educational needs of the children, preferably girl child, who show a willing to study but are prevented from doing so due to lack of resources. One of the programs undertaken during this year was the financial support provided to the underprivileged students to pursue their education.

The Student Scholarship Scheme commenced in the year 2011-12 and continued this year as well. These benefits are provided to the members of Asirvad and also to the qualifying people among the general public at large.

During the financial year 2016-17(ADF) has provided various financial assistance to the deserved people apart from the annual educational scholarships to the students. The major contributions are as below mentioned:

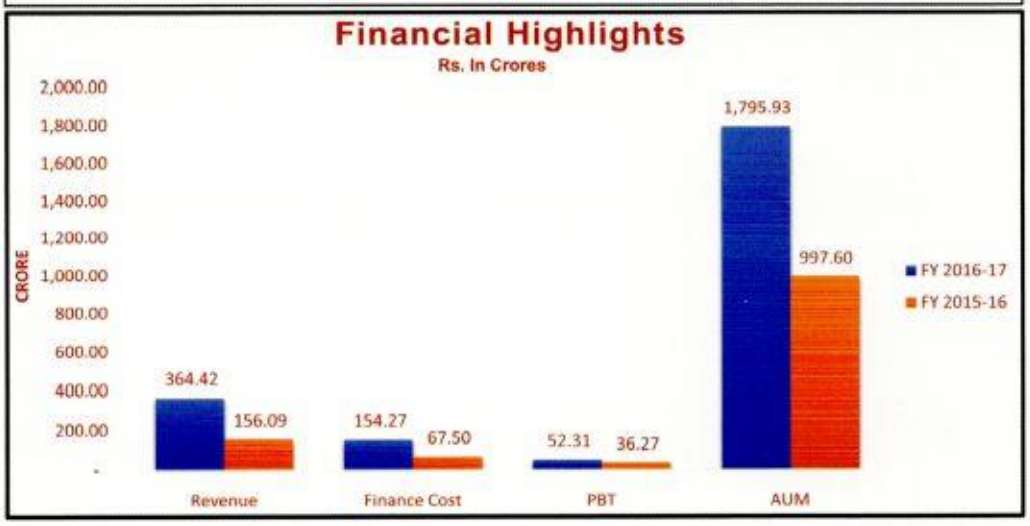
- Contribution towards AIM FOR SEVA for the construction of Toilet blocks building in Semmangudi Boys Student at Kumbakonam, Thanjavur District.
- Contribution to Dream Runners Foundation for Prosthetic Legs.
- Contribution to Amaravathi Government School, Kumily for construction of Girls toilet.
- Contribution for medical aid to a child for eye surgery.
- Contribution for financial assistance to family members of deceased employee of Asirvad.
- Contribution to Sri Sathya Sai Institute of Educare, Chennai for installation of Solar Panels

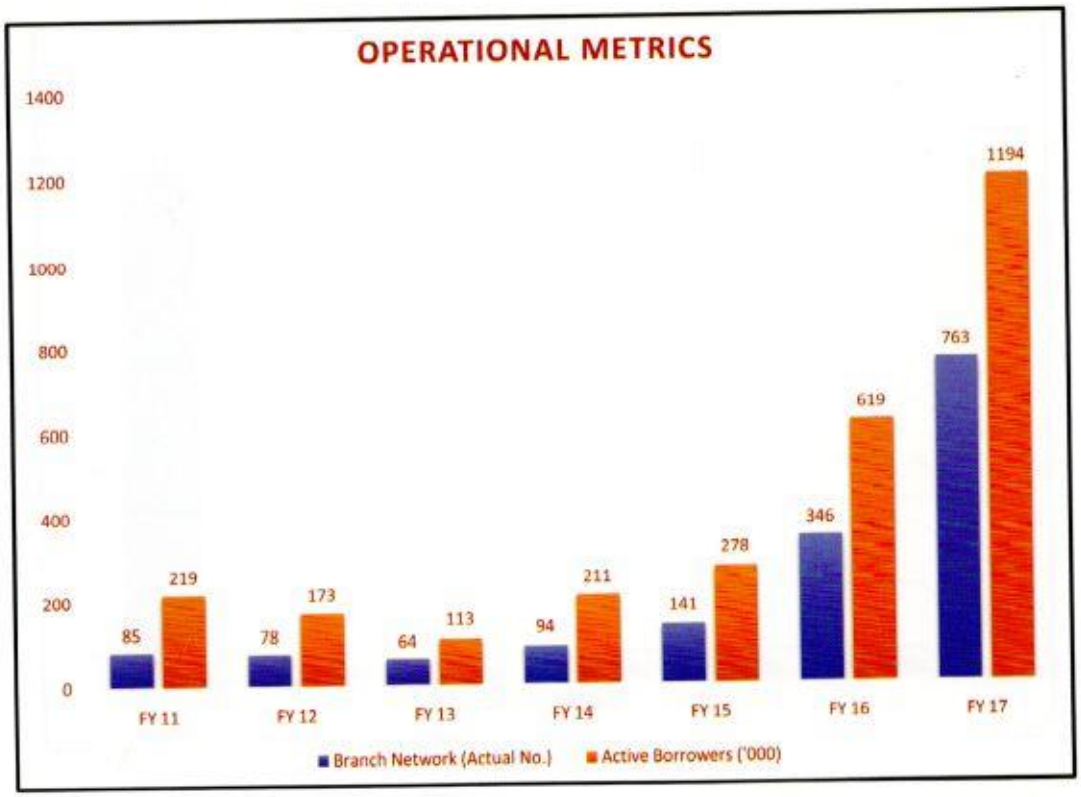
ASIRVAD JOURNEY

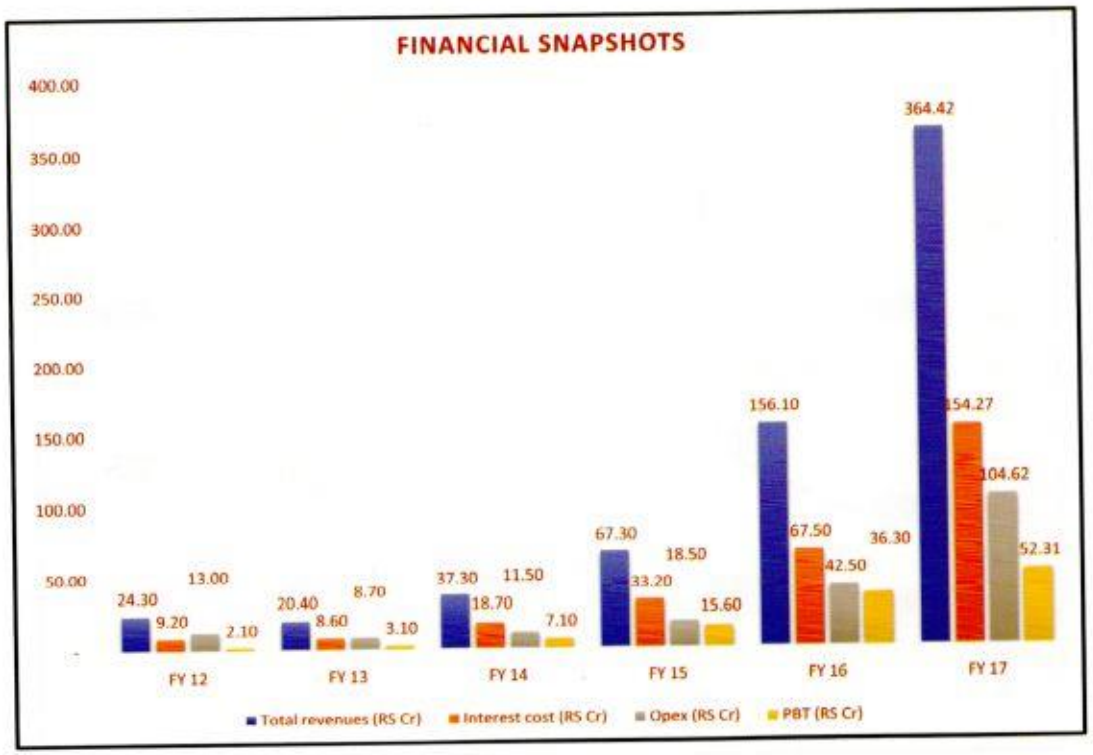
Financial Highlights

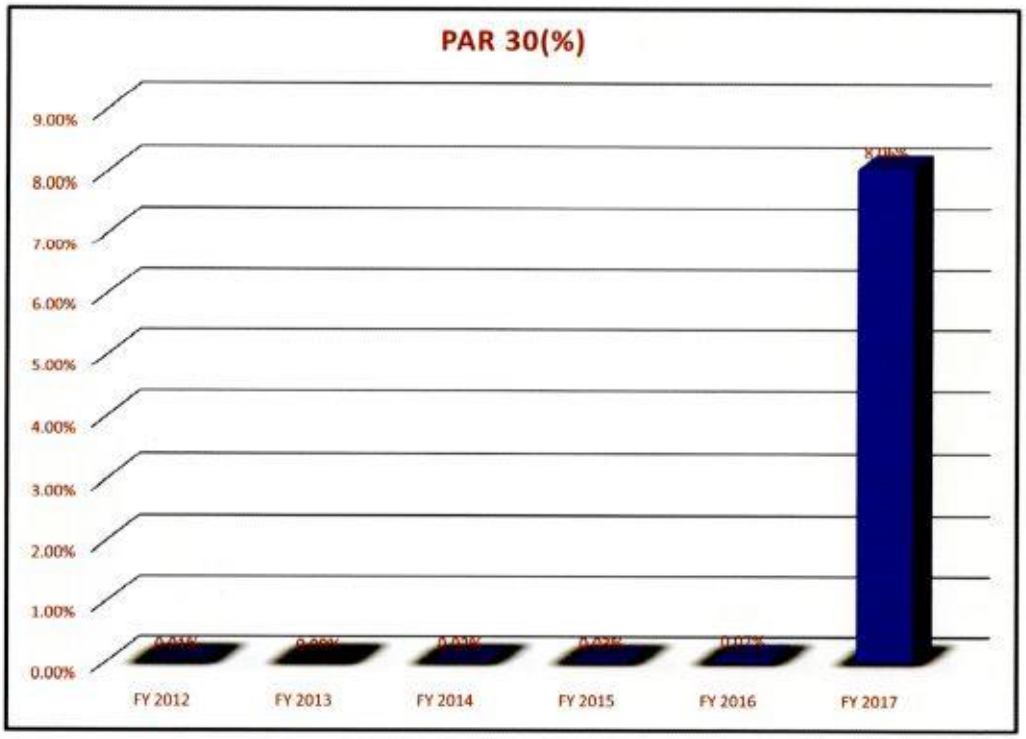
Rs. in Crores

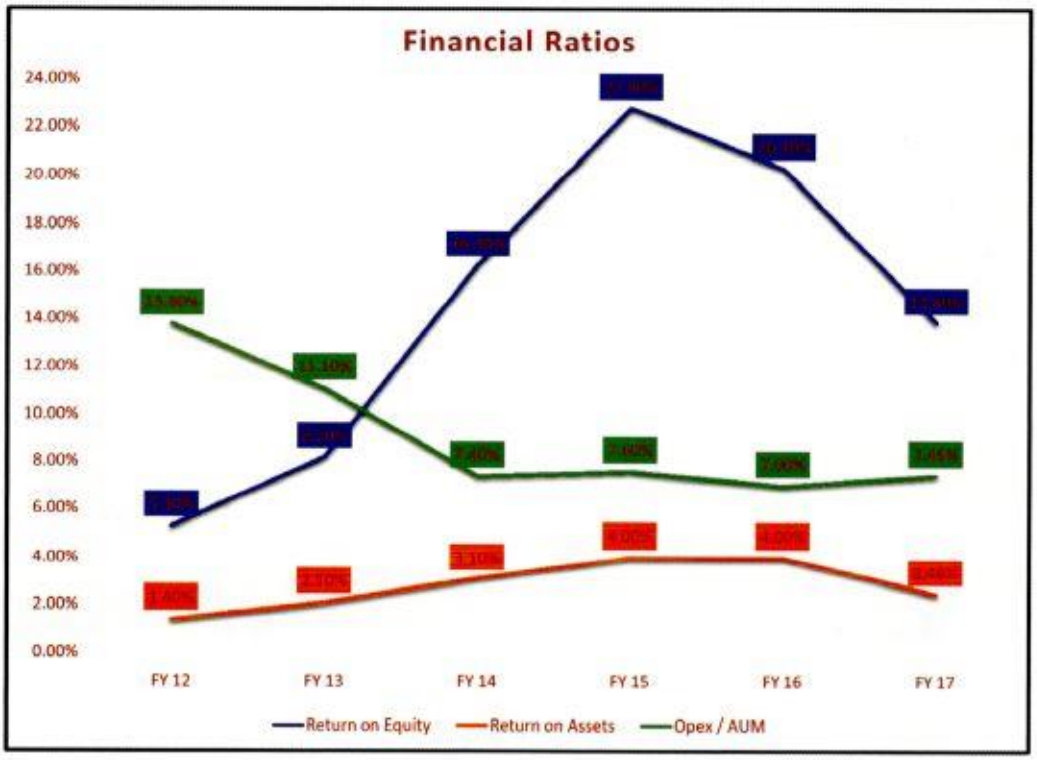
Year	Revenue	Finance Cost	PBT	AUM	Net Interest Margin (in %)	CRAR (in %)
2016-17	364.42	154.27	52.31	1795.93	9.94%	20.61%
2015-16	156.09	67.50	36.27	997.60	9.47%	24.84%




OPERATIONAL METRICS
1400
1200
1000
800
600
400
200
0
85
219
78
173
64
113
94
211
141
278
346
619
763
1194
FY 11
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17
Branch Network (Actual No.)
Active Borrowers ('000)


FINANCIAL SNAPSHOTS
400.00
350.00
300.00
250.00
200.00
150.00
100.00
50.00
24.30
9.20
13.00
2.10
20.40
8.60
8.70
3.10
37.30
18.70
11.50
7.10
67.30
33.20
18.50
15.60
156.10
67.50
42.50
36.30
364.42
154.27
104.62
52.31
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17
Total revenues (RS Cr)
Interest cost (RS Cr)
Opex (RS Cr)
PBT (RS Cr)

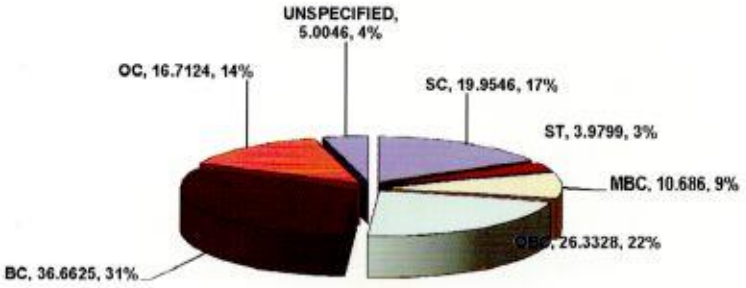

PAR 30(%)
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
0.00%
FY 2012
FY 2013
FY 2014
FY 2015
FY 2016
FY 2017


Financial Ratios
24.00%
22.00%
20.00%
18.00%
16.00%
14.00%
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
FY 12
FY 13
FY 14
FY 15
FY 16
FY 17
Return on Equity
Return on Assets
Opex / AUM

CUSTOMER DEMOGRAPHY

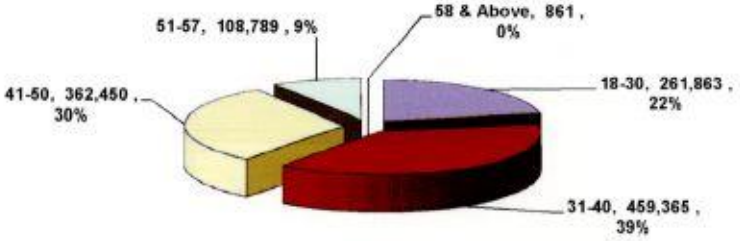
CASTE	TOTAL	PERCENTAGE
BC	366,625	31.00
MBC	106,860	9.00
OBC	263,328	22.00
OC	167,124	14.00
SC	199,546	17.00
ST	39,799	3.00
UNSPECIFIED	50,046	4.00
Total	**1,193,328**	**100.00**

1,193,328 ACTIVE MEMBERS - CASTE WISE



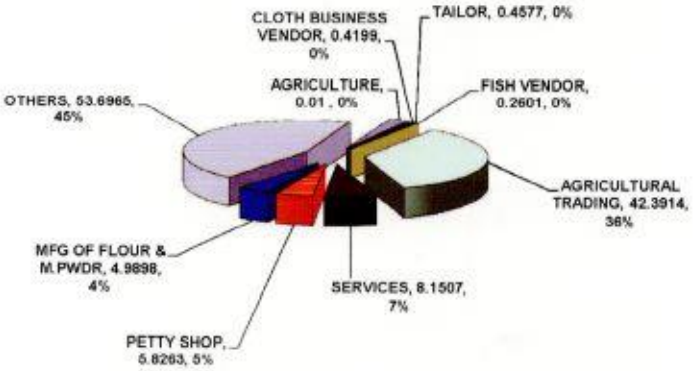
AGE WISE	TOTAL	PERCENTAGE
18-30	261,863	21.94
31-40	459,365	38.49
41-50	362,450	30.37
51-57	108,789	9.12
58 & Above	861	0.07
Total	**1,193,328**	**100.00**

1,193,328 ACTIVE MEMBERS - AGE WISE



OCCUPATION	TOTAL	PERCENTAGE
FISH VENDOR	2,601	0.22
CLOTH BUSINESS VENDOR	4,199	0.35
TAILOR	4,577	0.38
AGRICULTURE	31,404	2.63
MFG OF FLOUR & M.PWDR	49,898	4.12
PETTY SHOP	58,263	4.90
SERVICES	81,507	6.83
AGRICULTURAL TRADING	423,914	35.52
OTHERS	536,965	45.00
Total	**1,193,328**	**100.00**

1,193,328 ACTIVE MEMBERS OCCUPATION WISE



AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIRVAD MICROFINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ASIRVAD MICROFINANCE LIMITED**(formerly known as Asirvad Microfinance Private Limited)("the Company"), which comprise the Balance Sheet as at 31March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended,in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
      iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November,2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. However, as stated in Note 44 to the financial statements as per the representations provided to us by the management, we report that the Company has received amounts aggregating Rs. 16,182,000 from transactions which are not permitted.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Hasking & Sells**
Chartered Accounts
(Firm's Registration No.08072S)

S. Sundaresan
Partner
(Membership No. 25776)

Chennai, May 19, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Asirvad Microfinance Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Hasking & Sells**
Chartered Accounts
(Firm's Registration No.08072S)

S. Sundaresan
Partner
(Membership No. 25776)

Chennai, May 19, 2017

ANNEXURE B TO THE INDEPENDENT AUDITORS'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed for the land purchased by the Company during the year is held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities. The undisputed statutory dues relating to Sales Tax, Customs Duty and Excise Duty are not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax,Service Tax and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues towards Income Tax that have not been deposited as on 31st March 2017 on account of dispute are given below:

Name of the Statute	Nature of Dues	Period to which the Amount Relates	Forum where Dispute is Pending	Amount Involved Rs.	Amount Unpaid (Rs.)
Income-tax Act, 1961	Income Tax	A.Y 2011-12	Commissioner of Income Tax - Appeals	40,808,130	40,808,130
Income-tax Act, 1961	Income Tax	A.Y 2014-15		959,630	959,630

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders. The Company has not taken any loans or borrowings from government.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year other than embezzlement of cash amounting to Rs.30.86 lakhs by employees in six of the branches of the Company (Refer Note 39 to the financial statements) detected and appropriately dealt with by the management.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Hasking & Sells**
Chartered Accounts
(Firm's Registration No.08072S)

S. Sundaresan
Partner
(Membership No. 25776)

Chennai, May 19, 2017

FINANCIAL STATEMENTS

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited)

Balance Sheet as at 31 March 2017

Particulars	Note No.	As at 31 March, 2017 Rs.	As at 31 March,2016 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	3	262,766,360	262,766,360
(b) Reserves and Surplus	4	2,381,056,646	2,037,738,652
		2,643,823,006	**2,300,505,012**
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	9,635,752,818	4,173,734,423
(b) Long-Term Provisions	9 (i)	90,868,196	26,931,680
		9,726,621,014	**4,200,666,103**
3 Current Liabilities			
(a) Short - Term Borrowings	6	249,916,864	-
(b) Trade Payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		83,514,875	35,652,601
(c) Other Current Liabilities	8	6,381,485,453	3,825,338,110
(d) Short-Term Provisions	9 (ii)	534,141,079	83,987,499
		7,249,058,271	**3,944,978,210**
TOTAL		**19,619,502,291**	**10,446,149,325**
B ASSETS			
1 Non-Current Assets	10		
(a) Fixed Assets			
(i) Tangible Assets		56,033,694	33,176,900
(ii) Intangible Assets		700,837	-
		56,734,531	**33,176,900**
(b) Non-Current Investments	11	500,000	500,000
(c) Deferred Tax Assets (net)	12	221,813,571	42,572,993
(d) Receivables under Financing Activity	16 (ii)	2,397,399,748	2,016,462,559
(e) Long-Term Loans and Advances	13	11,077,079	8,719,459
(f) Other Non-Current Assets	14	434,722,241	310,431,380
		3,065,512,639	**2,378,686,391**
2 Current Assets			
(a) Current Investments	15	-	250,083,708
(b) Receivables under Financing Activity	16 (i)	14,866,471,284	6,594,067,440
(c) Cash and Bank Balances	17	1,339,119,096	965,453,652
(d) Short-Term Loans and Advances	18	35,684,737	22,581,557
(e) Other Current Assets	19	255,980,004	202,099,677
		16,497,255,121	**8,034,286,034**
TOTAL		**19,619,502,291**	**10,446,149,325**

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman

S V Raja Vaidyanathan
Managing Director

S Sundaresan
Partner

V R Rajiven
Director

Raveendra Babu
Director

Place : Chennai
Date : 19 May 2017

R Govindarajan
Chief Financial Officer

Simi S S
Company Secretary

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited)

Statement of Profit and Loss for the year ended 31 March 2017

Particulars	Note No.	For the year ended 31 March, 2017 Rs	For the year ended 31 March, 2016 Rs.
INCOME			
I. Revenue from Operations	20	3,428,231,385	1,450,738,945
Other Income	21	205,966,099	110,134,864
Total (I)		**3,634,197,484**	**1,560,873,809**
II. Expenditure			
Finance Costs	22	1,542,726,236	674,988,836
Employee Benefit Expenses	23	650,943,514	265,295,416
Depreciation and Amortisation Expense	10	41,561,604	19,781,816
Provision and Other Losses	24(a)	522,163,062	72,880,963
Other Expenses	25	353,725,652	139,898,408
Total (II)		**3,111,120,068**	**1,172,845,439**
III. Profit before Exceptional Items and Tax		523,077,416	388,028,370
IV. Exceptional Items:			
Loss Assets Written-off	24(b)	-	25,320,335
V. Profit Before Tax		**523,077,416**	**362,708,035**
VI. Tax Expenses			
(a) Tax Expense for Current Year		359,000,000	151,791,153
(b) Provision for Tax Relating to Prior Years		-	300,118
(c) Deferred Tax	12	(179,240,578)	(28,968,122)
Net Tax Expense		179,759,422	123,123,149
VII. Profit for the Year		**343,317,994**	**239,584,886**
Earnings per share (of Rs.10/- each):			
- Basic	31	13.07	14.03
- Diluted		13.07	14.03

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman

S V Raja Vaidyanathan
Managing Director

S Sundaresan
Partner

V R Rajiven
Director

Raveendra Babu
Director

Place : Chennai
Date : 19 May 2017

R Govindarajan
Chief Financial Officer

Simi S S
Company Secretary

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited)

Cash Flow Statement for the year ended 31st March, 2017

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. Cash flow from Operating Activities		
Profit Before Tax	**523,077,416**	**362,708,035**
Adjustments for:		
Depreciation/ Amortisation	41,561,604	19,781,816
Expense on Employee Stock Option Scheme	-	32,579
Portion of capital grant taken to income based on depreciation of underlying asset	-	(36,783)
Provision for Receivables under Financing Activity (Net)	479,768,642	61,887,246
Reversal of Provision for Credit enhancements on assets under financing activity	(13,086,511)	8,006,857
Loss Assets Written off	42,394,420	28,307,195
Profit on Sale of Fixed Assets	-	(318,123)
Dividend Income	(11,856,409)	(11,077,346)
Interest on Income Tax Refund	-	(532,818)
Interest on Deposits	(49,099,463)	(34,306,513)
Income from Securitisation of Receivables	(158,762,303)	(90,221,041)
Operating Profit before Working Capital Changes	**853,997,396**	**344,231,104**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under Financing Activity	(8,058,492,489)	(6,796,507,168)
Short-Term Loans and Advances	(13,103,180)	(19,244,631)
Long Term Loans and Advances	(2,412,344)	2,575,320
Other Current Assets	(26,665,170)	5,131,139
Other Non-Current Assets	(35,395,754)	(146,747,871)
Securitisation of Assets (net)	(635,806,984)	800,449,086
Margin Money Deposits with Banks and Others	(228,942,421)	12,202,770
Adjustments for increase / (decrease) in Operating Liabilities:		
Trade Payables	47,862,274	20,291,755
Other Current Liabilities	16,415,533	179,514,308
Short-Term Provisions	(41,121,266)	826,316
Long-Term Provisions	7,704,762	5,704,304
Cash Flow Generated used in Operations	**(8,115,959,643)**	**(5,591,573,568)**
Income Received in Advance (Securitization)	157,692,872	59,942,200
Interest Income on Deposits	27,990,298	30,646,674
Net cash flow used in operations	**(7,930,276,473)**	**(5,500,984,694)**
Net Income Tax Paid	(320,569,951)	(142,148,582)
Net Cash from Operating Activities	**(8,250,846,424)**	**(5,643,133,276)**

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
B. Cash flow from Investing Activities		
Proceeds from Sale of Fixed Assets	41,531	328,787
Capital Expenditure on Fixed Assets (including Capital Advances)	(65,106,042)	(49,534,306)
Purchase of Current Investments	-	(5,315,000,000)
Proceeds from Sale of Current Investments	250,083,708	5,065,000,000
Dividend Received	11,856,409	10,993,638
Net Cash Flow Generated from Investing Activities	**196,875,606**	**(288,211,881)**
C. Cash flow from Financing Activities		
Proceeds from Long-Term Borrowings-Term Loans (net)	4,184,413,922	4,133,914,974
Proceeds from Long-Term Borrowings-Debentures (net)	3,810,116,755	1,139,999,799
Proceeds from Short-Term Borrowings - Cash Credit from Bank	249,916,864	-
Proceeds from Finance Lease	8,288,959	-
Repayment of Finance Lease	-	(1,363,314)
Proceeds from Issue of Equity Shares	-	1,015,440,972
Proceeds from Issue of Preference Shares	-	(50,000,000)
Preference Dividend paid including Tax	-	(11,499,832)
Net Cash Flow from Financing Activities	**8,252,736,500**	**6,226,492,599**
Net increase in Cash and cash equivalents (A+B+C)	198,765,683	295,147,442
Cash and cash equivalents at the beginning of the year	810,432,482	515,285,040
Cash and Cash Equivalents at the end of the year	**1,009,198,165**	**810,432,482**
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per balance sheet (Refer note 17)	1,339,119,096	965,453,652
Less: Bank Balances not considered as cash and cash equivalents as defined in AS 3 Cash flow statements		
Balances held as margin money or security against borrowings, guarantees and other commitments	329,920,931	1155,021,170
	1,009,198,165	**810,432,482**

See accompanying Notes forming part of the Financial Statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman

S V Raja Vaidyanathan
Managing Director

S Sundaresan
Partner

V R Rajiven
Director

Raveendra Babu
Director

Place : Chennai
Date : 19 May 2017

R Govindarajan
Chief Financial Officer

Simi S S
Company Secretary

Asirvad Microfinance Limited (Formerly known as Asirvad Microfinance Private Limited)
Notes forming part of the financial statements for the year ended 31 March, 2017

1 CORPORATE INFORMATION

Asirvad Micro Finance Limited (Formerly known as Asirvad Microfnance Private Limited) was incorporated in August 2007 under the provisions of the Companies Act, 1956. The Company is a Non-Banking Finance Company - Micro Finance Institution (NBFC-MFI). The Company is registered as a Micro Finance Institution under the Non-Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI letter dated 4 October 2013. During the current year, the Company has converted into a public limited company and has received the revised certificate of incorporation from the Registrar of Companies on 1 September 2016.The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the main stream banking channels. The Company provides small value collateral free loans with fortnightly/ monthly repayments. The Company follows the Grameen model with suitable adoptions using the group where each member is responsible for the loan repayment of the other members of the group. The Company provides collateral free product loans to the existing borrowers of small amount.The Company also provides unsecured loans to Small and Medium Enterprises.The Company uses its branch infrastructure to market products / services to the members of the Joint Liability groups on behalf of other agencies for an agreed fee/ commission.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for amortization of Borrowing Costs as more fully described in Note 22.1.The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for NBFC-MFI's or more stringent norms.

2.2 Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period such as provisioning for employee benefits, provisioning for receivables, provisioning for credit enhancement for assets de-recognized, useful lives of fixed assets, provisioning for taxation etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short -term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the Written Down Value Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold Improvements are depreciated over the remaining primary lease period or 3 years whichever is lower.

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary.

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Software - Lower of license period or 3 years.

2.6 Revenue Recognition

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

a) Interest income on loans given (including loans sourced by business partners on behalf of the Company) is recognized under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued on such assets is de-recognized by reversing the unrealized interest income already recognized.

b) Loan processing fee is recognized over the life of the loan on a straight line basis.

c) Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising there from is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.

d) Commission income on marketing of products is recognized on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

e) Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement.

f) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

g) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

2.7 Fixed Assets - Tangible and Intangible

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation / amortization and impairment losses, where applicable. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

Intangible Assets

Software is acquired primarily from third-party vendors and is in ready-to-use condition. Costs for acquiring such software are capitalized. The capitalized software is amortized based on the useful life prescribed under Schedule II of Companies Act, 2013.

2.8 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Notes forming part of the financial statements for the year ended 31 March, 2017

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.9 Investments

Investments which are long term in nature are stated at cost less provision where necessary for diminution, other than temporary, in the value of investments.Current investments are carried individually, at the lower of cost and fair value.

2.10 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, and compensated absences.

Defined contribution plan:

Provident Fund and Employees State Insurance: The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-Term Employee Benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.11 Deferred Employee Stock Compensation Cost

Deferred employee stock compensation cost for stock options is recognized on the basis of generally accepted accounting principles and is measured as the difference between the estimated intrinsic value of the company's shares on the date of grant of the stock options and the exercise price to be paid by the option holders. The compensation expense, if any, is amortized uniformly over the vesting period of the options.

2.12 Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.Prepaid finance charges represents ancillary costs incurred in connection with the arrangement of borrowings; including borrowings sanctioned but not availed, and is amortized on a straight line basis, over the tenure of the borrowings. Unamortized borrowing costs remaining, if any, are fully expensed off as and when the related borrowing is prepaid / cancelled.Also Refer Note 22.1

Notes forming part of the financial statements for the year ended 31 March, 2017

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.14 Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements:

Finance Leases Finance leases, which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Operating Leases Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

2.15 Earnings per Share

Basic earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Insurance claims

Insurance claims are accrued for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.17 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.18 Impairment of Assets

The carrying values of assets are reviewed at each balance sheet date if there is any indication of

Notes forming part of the financial statements for the year ended 31 March, 2017

impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.19 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.20 Service Tax Input Credit

Service tax input credit is accounted for in the books in the period when the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the same.

2.21 Classification and Provisions of Loan Portfolio

(a) Loans are classified into 'Performing and Non-Performing' assets in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, duly taking into account the requirements of Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011, as amended.

(b) **Provisioning Norms for Loans - As Per RBI Guidelines** [*Non-Banking Financial Companies - Micro Finance Institutions (Reserve Bank) Directions, 2011, as amended*]

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:

1% of the outstanding loan portfolio (or)

50% of the aggregate loan balances where instalments are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan balances where instalments are overdue for 180 days or more.

In addition, loss assets (overdue for more than 120 days) are fully provided for or charged off to the Statement of Profit and Loss.

2.22 Accounting for Grants

Grants relating to depreciable fixed assets are treated as deferred income over the useful life of the asset in proportion to which depreciation on the related assets is charged.

2.23 Provision for Credit Enhancements on Assets De-Recognised

Upto 31 March 2016, Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date. Effective 1 April 2016, the Management has re-evaluated the requirement of provision taking into account the past trend / history of delinquencies and the nature of the securitization transactions. Based on the same, no additional provision has been created with regard to the standard assets forming part of securitization transactions entered with effect from 1 April 2016.

2.2 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Notes forming part of the financial statements for the year ended 31 March, 2017

Note 3 Share capital

	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	Amount(Rs.)	Number of shares	Amount(Rs.)
(a) Authorised				
Equity shares of Rs.10/- each	30,000,000	300,000,000	30,000,000	300,000,000
Cumulative redeemable non convertible Preference shares of Rs.100/- each	1,000,000	100,000,000	1,000,000	100,000,000
	31,000,000	400,000,000	31,000,000	400,000,000
(b) Issued , Subscribed and Fully Paid Up				
Equity shares of Rs.10/- each	26,276,636	262,766,360	26,276,636	262,766,360
	26,276,636	**262,766,360**	**26,276,636**	**262,766,360**

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31 March, 2017		As at 31 March, 2016	
	No of Shares	Amount(Rs.)	No of Shares	Amount(Rs.)
At the beginning of the year	26,276,636	262,766,360	15,755,981	157,559,810
Issued during the year :				
- ESOP (Refer Note 3(vi))	-	-	10,000	100,000
- Others	-	-	10,510,655	105,106,550
Outstanding at the end of the year	**26,276,636**	**262,766,360**	**26,276,636**	**262,766,360**

Cumulative Redeemable Non Convertible Preference Shares	As at 31 March, 2017		As at 31 March, 2016	
	No of Shares	Amount(Rs.)	No of Shares	Amount(Rs.)
At the beginning of the year	-	-	500,000	50,000,000
Additions during the year	-	-	-	-
Redeemed during the year	-	-	500,000	50,000,000
Oustanding at the end of the year	-	-	-	-

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Equity shares of Rs. 10/- each				
Manappuram Finance Limited (Holding Company)	23,749,979	90.38%	23,749,979	90.38%

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Equity shares of Rs. 10/- each				
S V Raja Vaidyanathan	2,227,966	8.48%	2,227,966	8.48%
Manappuram Finance Limited	23,749,979	90.38%	23,749,979	90.38%

Notes forming part of the financial statements for the year ended 31 March, 2017

(iv) Terms / Rights attached to Equity shares:

The Company has only one class of equity shares having a par value of Rs.10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Dividend proposed by the Board of Directors,if any is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

(v) Terms / Rights attached to Preference Shares:

During the year ended 31 March 2015, the Company had issued 500,000, 12% cumulative redeemable non-convertible Preference Shares at the face value of Rs 100/- each amounting to Rs 5 Crores to Mr. S V Raja Vaidyanathan (Managing Director). The Preference Shares did not carry any voting or management rights and dividend was due and payable every half year. These Preference shares were fully redeemed during the previous year ended 31 March 2016.

(vi) Employees Stock Option Scheme (ESOP):

As at 31 March 2017 and 31 March 2016, all the options granted by the Company were excercised and there are no outstanding options pending exercise as at 31 March 2017 and 31 March 2016.

Note 4 Reserves and surplus

Particulars	As at 31 March, 2017 Amount in Rs.	As at 31 March, 2016 Amount in Rs.
(a) **Securities Premium Account**		
Opening balance	1,590,079,504	679,733,382
Add : Premium on shares issued	-	910,346,122
Less : Utilised during the year	-	-
Closing Balance	**1,590,079,504**	**1,590,079,504**
(b) **Statutory Reserve** (Refer Note 4(i))		
Opening balance	99,332,948	51,415,971
Add: Additions during the year	68,663,599	47,916,977
Less: Utilised / transferred during the year	-	-
Closing Balance	**167,996,547**	**99,332,948**
(c) **Share Options Outstanding Account**		
Opening balance	-	79,121
Add: Amounts recorded on grants during the year	-	32,579
Transferred to Securities premium account on exercise	-	(111,700)
Closing Balance	-	-
(d) **Capital Redemption Reserve**		
Opening balance	50,000,000	-
Add: Additions during the year	-	50,000,000
Less: Utilised / transferred during the year	-	-
Closing Balance	**50,000,000**	**50,000,000**
(e) **General Reserve**	**3,592,758**	**3,592,758**
(f) **Surplus in Statement of Profit and Loss**		
Opening Balance	294,733,442	160,398,600
Add: Profit for the Year	343,317,994	239,584,886
Transfer to Statutory Reserve (Refer Note 4 (i) and Note 47)	(68,663,599)	(47,916,977)
Transfer to Capital Redemption Reserve	-	(50,000,000)
Dividends Paid to Preference Share Holders	-	(5,562,742)
Tax on Dividend	-	(1,770,325)
Closing Balance	**569,387,837**	**294,733,442**
Total (A + B + C + D + E + F)	**2,381,056,646**	**2,037,738,652**

Notes forming part of the financial statements for the year ended 31 March, 2017

(i) Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act ,1934.

5 Borrowings

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
- Term Loans from Banks (Secured) (Refer Note 5 (ii) below)	6,259,655,849	3,397,699,645
Less : Current Maturities of Term Loans from Banks	3,653,286,486	1,705,649,728
Net	**2,606,369,363**	**1,692,049,917**
- Term Loan from Others (Secured) (Refer Note 5 (ii) below)	3,998,460,047	2,676,002,329
Less : Current Maturities of Other Term Loans	1,924,098,423	1,327,651,323
Net	**2,074,361,624**	**1,348,351,006**
- Redeemable Non-Convertible Debentures (Secured) (Refer Note 5(iii) below)	3,560,000,000	1,599,583,245
Less : Current Maturities of Redeemable Non-Convertible Debentures	327,500,000	466,249,745
Net	**3,232,500,000**	**1,133,333,500**
- Redeemable Non-Convertible Debentures (Unsecured)	1,150,000,000	-
- Sub Debt* (Refer Note 5(iii) below)		
- Redeemable Non-Convertible Debentures (Unsecured)	699,700,000	-
- Others		
Less : Current Maturities of Redeemable Non-Convertible Debentures	133,200,000	-
Net	**1,716,500,000**	-
- Finance Lease Obligations (Refer Note 30.1)	9,268,836	979,877
Less : Current Maturities of Finance Lease Obligations	3,247,005	979,877
Net	**6,021,831**	-
TOTAL	**9,635,752,818**	**4,173,734,423**

**Sub Debt eligible for Tier-II Capital*

(i) Security on Term Loans from Banks and Others

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans. Further, the Company has provided a specific lien on deposits with Banks(Refer (a) below) and also have deposits with other NBFCs for Term Loans (Refer (b) below)

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
a) Deposits with Banks & Others	599,326,427	347,233,639
b) Deposits with NBFCs	-	18,625,000

(ii) Details of Terms of Repayment- Term Loans from Banks and Others

a) Current year

Particulars	As at 31 March 2017	Number of Remaining Instalments	Maturity (Rs.)	
			< 1 Year	> 1 Year
Base Rate+Spread	6,159,655,849	1 to 36	3,553,286,486	2,606,369,363
Fixed	4,098,460,047	1 to 32	2,024,098,423	2,074,361,624
TOTAL	**10,258,115,896**		**5,577,384,909**	**4,680,730,987**

Notes forming part of the financial statements for the year ended 31 March, 2017

b) Previous year

Particulars	As at 31 March 2016	Number of Remaining Instalments	Maturity (Rs.)	
			< 1 Year	> 1 Year
Base Rate	12,816,613	36	11,262,540	1,554,073
Base Rate+Spread	3,727,653,636	1 to 36	1,758,827,762	1,968,825,874
Fixed	2,333,231,725	1 to 21	1,263,210,749	1,070,020,976
TOTAL	**6,073,701,974**		**3,033,301,051**	**3,040,400,923**

(iii) Details of Debentures - Secured and Unsecured, Redeemable Non-convertible Debentures - Redeemable at par

The Company has allotted 6,000 Unsecured and 1,883 (Previous Year - 41,300) Secured Redeemable Non-convertible Debentures (NCDs) as at 31 March 2017. The NCDs are secured by charge on specific loans and receivables of the Company.

No. of Debentures	Face value	Interest Rate	Due date of redemption	No. of instal-ments as at As at31 March 2017	As at 31 March 2017	As at 31 March 2016
750	1,000,000	11.35%	01-Jul-22	24	750,000,000	-
2500	100,000	11.45%	19-Mar-19	3	250,000,000	-
1500	100,000	11.45%	19-Apr-19	3	150,000,000	-
700	1,000,000	13.25%	29-Mar-21	1	700,000,000	700,000,000
330	1,000,000	13.25%	01-May-21	1	330,000,000	-
100	1,000,000	14.50%	01-Dec-20	1	100,000,000	100,000,000
13	10,000,000	13.50%	01-Jul-19	1	130,000,000	-
27	10,000,000	13.50%	01-Jul-22	1	270,000,000	-
500	1,000,000	13.00%	01-Dec-22	1	500,000,000	-
350	1,000,000	13.00%	01-Jul-22	1	350,000,000	-
150	1,000,000	13.00%	01-Jul-22	1	150,000,000	-
150	1,000,000	13.00%	01-Jun-23	1	150,000,000	-
333	1,200,000	12.80%	01-Jul-19	9	299,700,000	-
400	1,000,000	12.25%	01-Aug-19	3	400,000,000	-
500	1,000,000	12.20%	01-Aug-19	1	500,000,000	-
380	1,000,000	12.00%	01-Nov-19	1	380,000,000	-
120	500,000	14.00%	01-Apr-16	-	-	2,500,080
65	1,000,000	13.75%	16-Jul-16	-	-	10,833,355
75	1,000,000	13.25%	16-Sep-16	-	-	18,750,000
100	1,000,000	12.55%	17-Jan-17	-	-	33,333,000
140	1,000,000	13.50%	16-Dec-16	-	-	46,666,760
150	1,000,000	13.25%	17-Jan-17	-	-	62,500,050
40000	5,000	12.50%	24-Jan-17	-	-	125,000,000
500	1,000,000	13.52%	19-Feb-17	-	-	500,000,000
		Total			**5,409,700,000**	**1,599,583,245**

6 Short - Term Borrowings

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Cash Credit from Bank - Secured (Refer Note 6.1 Below)	249,916,864	-
TOTAL	**249,916,864**	-

Notes forming part of the financial statements for the year ended 31 March, 2017

6.1 Details of Cash Credit from Bank - Secured

(a) The cash credit facility is secured by hypothecation of specified Receivables under Financing Activities.

(b) The Company has not defaulted in the repayment of dues to Bank.

(c) The details of interest rate, tenor, repayment terms of the Short Term Borrowings are as follows:

Repayment Terms	Interest Rate	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Repayable on Demand	9.50%	249,916,864	-

7 Trade Payables

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Trade Payables - Other than Acceptances		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 32)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	83,514,875	35,652,601
TOTAL	**83,514,875**	**35,652,601**

8 Other Current Liabilities

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs
Current Maturities of Long Term Debt (Refer Note 5)		
- From Banks	3,653,286,486	1,705,649,728
- From Others	1,924,098,423	1,327,651,323
- From Debentures	460,700,000	466,249,745
Current Maturities of Finance Lease Obligation (Refer Note 5)	3,247,005	979,877
Gratuity (Refer Note 27.2)	7,267,480	-
Interest accrued but not due on Borrowings	168,487,497	109,013,300
Income Received in Advance (Documentation fees)	113,477,877	70,437,806
Income Received in Advance (Securitization)	-	1,069,431
Other Payables:		
- Statutory Payables	23,145,091	5,506,319
- Other Payables*	27,775,594	114,556,642
- Advances from Customers	-	397,663
- Advance from MAS Financial Services Limited	-	23,826,276
TOTAL	**6,381,485,453**	**3,825,338,110**

*Includes Insurance Claims Payable to Customers Rs. 5,543,266 as at 31 March 2017.

9 Provisions

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences	13,959,743	4,981,827
Provision - Others:		
- Provision for Receivables under Financing Activities (Refer Note 35)	568,299,074	88,530,432
- Provision for Credit Enhancement on Assets Derecognised	692,314	13,778,825
- Provision for Taxation (Net of Advance Tax and Tax Deducted at Source Rs. 531,103,691 (As at 31 March 2016 Rs. 210,533,740)	42,058,144	3,628,095
TOTAL	**625,009,275**	**110,919,179**

Notes forming part of the financial statements for the year ended 31 March, 2017

9 (i) Long Term Provisions

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences	11,949,624	4,244,862
Provision - Others:		
- Provision for Receivables under Financing Activities	78,918,572	22,686,818
TOTAL	90,868,196	26,931,680

9 (ii) Short Term Provision

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences	2,010,119	736,965
Provision - Others:		
- Provision for Receivables under Financing Activities	489,380,502	65,843,614
- Provision for Credit Enhancement on Assets Derecognised	692,314	13,778,825
- Provision for Taxation (Net of Advance Tax and Tax Deducted at Source Rs. 531,103,691 (As at 31 March 2016 Rs. 210,533,740)	42,058,144	3,628,095
TOTAL	534,141,079	83,987,499

11 Non-Current Investments

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Non Trade Investments - Unquoted		
50,000 Equity Shares of Alpha Micro Finance Consultants Private Limited of Rs 10/- each	500,000	500,000
TOTAL	500,000	500,000
Aggregate amount of Unquoted Investments	500,000	500,000

12 Deferred Tax Assets (Net)

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Deferred Tax Asset		
Provision for Receivables under Financing Activities	192,422,212	30,592,915
Provision for Credit Enhancement on Assets Derecognised	239,596	4,768,576
Disallowances under Section 43B of the Income Tax Act, 1961	5,731,654	-
Employee Benefits	12,156,361	1,724,111
Difference between depreciation as per Books of Account and Income Tax Act, 1961	11,263,748	5,487,391
Net Deferred Tax Asset	221,813,571	42,572,993

13 Long-Term Loans and Advances - Unsecured, Considered Good

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Capital Advances	6,089,415	6,144,139
Security Deposits	4,872,700	2,575,320
Loans and Advances to Employees	114,964	-
TOTAL	11,077,079	8,719,459

Notes forming part of the financial statements for the year ended 31 March, 2017

Schedule 10 Fixed Assets

A. Current Year Ended 31 March 2017 (Owned, unless otherwise stated)

Amount in ₹

Sl.No.	Description	Gross Block				Accumlated Depreciation and amortisation				Net Block	
		Balance as at 1st Apr 2016	Additions	Disposals	Balance as at 31st Mar 2017	Balance as at 1st Apr 2016	FOR THE YEAR	Eliminated on Disposal of Assets	Balance as at 31st Mar 2017	Balance as at 31st Mar 2017	Balance as at 31st Mar 2016
	Intangible Assets - Acquired										
1	Software	3,932,309	880,650	-	4,812,959	3,932,309	179,813	-	4,112,122	700,837	-
	Total (A)	3,932,309	880,650	-	4,812,959	3,932,309	179,813	-	4,112,122	700,837	-
B	Tangible Assets										
1	Land	-	864,300	-	864,300	-	-	-	-	864,300	-
2	Computers	18,175,281	23,898,084	-	42,073,365	11,353,469	18,881,799	-	30,235,268	11,838,097	6,821,812
3	Furnitures & Fixtures	11,002,814	12,068,801	-	23,071,615	6,244,421	6,687,211	-	12,931,632	10,139,983	4,758,393
4	Office Equipments	12,160,048	12,645,891	384,991	24,420,948	7,949,308	8,321,707	343,460	15,927,555	8,493,393	4,210,740
5	Vehicles										
	Owned	21,905,929	-	-	21,905,929	5,350,617	5,418,857	-	10,769,474	11,136,455	16,555,312
	Taken under Finance Lease	4,073,143	14,803,040	-	18,876,183	3,242,500	2,072,217	-	5,314,717	13,561,466	830,643
	Total (B)	67,317,215	64,280,116	384,991	131,212,340	34,140,315	41,381,791	343,460	75,178,646	56,033,694	33,176,900
	Total (A+B)	71,249,524	65,160,766	384,991	136,025,299	38,072,624	41,561,604	343,460	79,290,768	56,734,531	33,176,900

Notes forming part of the financial statements for the year ended 31 March, 2017

Schedule 10 Fixed Assets

B. Previous Year ended 31 March 2016

Amount in R

Sl.No.	Description	Gross Block				Accumlated Depreciation and amortisation				Net Block	
		Balance as at 1st Apr 2015	Additions	Disposals	Balance as at 31st Mar 2016	Balance as at 1st Apr 2015	FOR THE YEAR	Eliminated on Disposal of Assets	Balance as at 31st Mar 2016	Balance as at 31st Mar 2016	Balance as at 31st Mar 2015
	Intangible Assets										
1	Software	3,932,309	-	-	3,932,309	3,931,769	540	-	3,932,309	-	540
	Total (A)	3,932,309	-	-	3,932,309	3,931,769	540	-	3,932,309	-	540
B	Tangible Assets										
1	Computers	4,617,402	13,557,879	-	18,175,281	4,095,663	7,257,806	-	11,353,469	6,821,812	521,739
2	Furnitures & Fixtures	4,910,095	6,092,719	-	11,002,814	3,639,488	2,604,933	-	6,244,421	4,758,393	1,270,607
3	Office Equipments	5,919,862	6,253,186	13,000	12,160,048	4,677,724	3,280,098	8,514	7,949,308	4,210,740	1,242,138
4	Vehicles										
	Owned	5,317,060	17,396,087	807,218	21,905,929	1,635,693	4,515,964	801,040	5,350,617	16,555,312	3,681,367
	Taken under Finance Lease	3,982,847	90,296	-	4,073,143	1,120,025	2,122,475	-	3,242,500	830,643	2,862,822
	Total (B)	24,747,266	43,390,167	820,218	67,317,215	15,168,593	19,781,276	809,554	34,140,315	33,176,900	9,578,673
	Total (A+B)	28,679,575	43,390,167	820,218	71,249,524	19,100,362	19,781,816	809,554	38,072,624	33,176,900	9,579,213

Notes forming part of the financial statements for the year ended 31 March, 2017

14 Other Non-Current Assets

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Lien Marked Deposits with Banks (Maturity after 12 months) (Refer Note 17)	352,518,144	273,768,695
Deposits with other NBFCs as Collateral towards Loans and Assets Derecognised	-	4,583,333
Interest accrued on Deposits with Banks / Others	21,552,264	11,406,606
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)(Refer Note 44.1)	1,500,000	-
Prepaid Finance Charges	59,151,833	20,672,746
TOTAL	**434,722,241**	**310,431,380**

15 Current Investments (At lower of cost and fair value)

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Investment in Mutual Funds	-	-
Nil (Previous Year - 9,940,852) units of Rs. 1,001.85 each of Franklin Templeton Ultra Short Daily Dividend Plan	-	100,000,000
Nil (Previous Year - 49,996) units of Rs. 1,000.51 each of Reliance Liquidity Fund Daily Dividend Plan	-	50,029,820
Nil (Previous Year - 9,903,874) units of Rs. 10.025 each of Sundaram Money Fund	-	100,053,888
TOTAL	-	**250,083,708**
Aggregate Market Value of Unquoted Investments (Net Asset Value)	-	250,083,708

16 Receivables under Financing Activity

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Unsecured		
Microfinance loans	16,657,785,449	8,575,784,924
Business loans	31,540,854	11,708,279
Instalments and Other Dues from Borrowers	574,544,729	23,036,796
TOTAL	**17,263,871,032**	**8,610,529,999**
Note:		
Of the above:		
- Considered Good (Standard Assets)	16,461,622,647	8,600,823,906
- Others (Sub-Standard, Doubtful and Loss Assets under Financing Activities as per Company's Provisioning Norms)	802,248,385	9,706,093
(Refer Note 9 for Provision for Receivables under Financing Activities)		

16 (i) Receivables under Financing Activity - Current

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs
Microfinance Loans	14,277,713,729	6,568,275,446
Business Loans	14,212,826	2,755,198
Instalments and Other Dues from Borrowers	574,544,729	23,036,796
(Refer Note 9 (ii) for Provision for Receivables under Financing Activities)		
TOTAL	**14,866,471,284**	**6,594,067,440**

Notes forming part of the financial statements for the year ended 31 March, 2017

16 (ii) Receivables under Financing Activity - Non-Current

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Microfinance Loans	2,380,071,720	2,007,509,478
Business Loans	17,328,028	8,953,081
(Refer Note 9 (i) for Provision for Receivables under Financing Activities)		
TOTAL	**2,397,399,748**	**2,016,462,559**

17 Cash and Bank Balances

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Cash and Cash Equivalents		
- Cash on hand	55,843,874	25,986
- Balances with Banks		
- In Current Accounts	653,354,291	810,406,496
- In Deposit Accounts - Free of Lien	300,000,000	-
- In Deposit Accounts - Under Lien	682,439,075	428,789,865
Less: Amount disclosed under Other Non-Current Assets	(352,518,144)	(273,768,695)
	329,920,931	155,021,170
TOTAL	**1,339,119,096**	**965,453,652**

17 (i) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is 1,009,198,165 810,432,482

17 (ii) Deposit under lien represents:Deposits amounting to Rs. 599,326,427 (As at 31 March 2016 Rs. 347,233,639) with respect to the Term Loans obtained by the Company from Banks and Others.Deposits amounting to Rs. 83,112,648 (As at 31 March 2016 Rs. 81,556,226) placed as credit enhancement (cash collateral) towards Assets De-recognised.

18 Short-Term Loans and Advances (Unsecured, Considered Good)

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Security Deposits	30,733,579	16,473,700
Loans and Advances to Employees	2,753,166	1,503,088
Advance to Vendors	1,447,607	3,905,246
Balances with Government Authorities		
- Service Tax Input Credit	750,385	699,523
TOTAL	**35,684,737**	**22,581,557**

19 Other Current Assets

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Interest accrued on Deposits with Banks / Others	28,551,344	17,587,837
Interest accrued but not due on Receivable from Financing Activities	134,788,804	93,830,365
Deposits as collateral with Business Partner towards Loans Sourced on their Behalf	-	10,665,122
Deposits with other NBFCs as Collateral towards Loans and Assets Derecognised	-	14,041,667
Prepaid Finance Charges	60,023,654	37,803,783
Other Receivables	32,616,202	28,170,903
TOTAL	**255,980,004**	**202,099,677**

Notes forming part of the financial statements for the year ended 31 March, 2017

20 Revenue from Operations

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in Rs.
Revenue from Operations		
Interest Income from Loan:		
Interest on Loan- Microfinance Loans	3,053,771,972	1,261,244,383
Interest on Loan- Business Loans / SME Loans	5,455,666	163,564
	3,059,227,638	1,261,407,947
Other Operating Revenue:		
Documentation Fees- Microfinance loans	159,125,947	64,675,944
Documentation Fees - Business loans	250,115	127,500
Interest income - on Deposits with Banks and Financial Institutions	49,099,463	34,306,513
Interest Spread on Securitization	158,762,303	90,221,041
Loss Assets Recovered	1,765,919	-
	369,003,747	189,330,998
TOTAL	**3,428,231,385**	**1,450,738,945**

21 Other Income

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in Rs.
Gain on Sale of Current Investments in Mutual Funds	11,856,409	11,077,346
Reversal of Provision for Credit Enhancement on Assets De-recognised	13,086,511	-
Other Non-Operating Income:		
- Profit on Sale of Fixed Assets	-	318,123
- Marketing Commission	178,408,911	87,268,630
- Commission	292,580	9,031,595
- Interest on Income Tax Refund	-	532,818
- Miscellaneous Income	2,321,688	1,906,352
TOTAL	**205,966,099**	**110,134,864**

22 Finance Cost

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount
Interest Expense on Borrowings:		
- Term Loans	979,756,959	495,034,849
- Debentures	461,663,556	110,983,177
- Commercial Paper	19,027,099	-
- Cash Credit	286,301	-
- Others:		
- Interest Expenses on Finance Lease Obligations	360,151	181,872
- Interest on Delayed Payment of TDS/Income Tax	481,368	2,952,565
Other Borrowing Costs:		
- Loan Processing Fees (Refer Note 22.1)	57,774,007	63,410,654
- Bank Charges	23,376,795	2,425,719
TOTAL	**1,542,726,236**	**674,988,836**

Notes forming part of the financial statements for the year ended 31 March, 2017

22.1 Upto 31 March 2016, the Company was amortising the processing fees and other finance charges, representing ancillary cost incurred in connection with the arrangement of borrowings; on a straight line basis over the tenure of underlying receivables built out of such borrowings. Effective 1 April 2016, the Company has changed its accounting policy for amortisation of borrowing cost to amortise it over the tenure of underlying borrowings. Had the Company continued with the earlier accounting policy for the year ended 31 March 2017, the Profit before Tax for the year ended 31 March 2017, as estimated by the Management, would have been lower by Rs. 24,509,687. Consequent to the change in accounting policy, the Company has written back excess processing fee amortised as of 31 March 2016 amounting to Rs. 11,988,531 during the current year ended 31 March 2017.

23 Employee Benefits Expenses

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in Rs.
Salaries and Wages	579,279,908	239,629,149
Contributions to Provident and Other Funds	62,384,351	20,691,385
Expense on Employee Stock Option (ESOP) Scheme	-	32,579
Staff Welfare Expenses	9,279,255	4,942,303
TOTAL	**650,943,514**	**265,295,416**

24 Provisions and Other Losses

(a) Provisions and other losses (other than those disclosed as Exceptional items):

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in Rs.
Provision for Receivables under Financing Activities	522,163,062	61,887,246
Loss Assets Written off	42,394,420	2,986,860
Less : Release from Provision for Receivables Under Financing Activities	(42,394,420)	-
Provision for Credit Enhancement on Assets Derecognised	-	8,006,857
TOTAL	**522,163,062**	**72,880,963**

(b) Provisions and Other Losses (Disclosed as Exceptional Items):

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in Rs.
Loss Assets Written off	-	25,320,335
	-	**25,320,335**

25 Other Expenses

Particulars	For the year ended 31 March 2017 Amount in Rs.	For the year ended 31 March 2016 Amount in R
Electricity	3,300,135	1,541,473
Rent including Lease Rentals	60,364,195	22,373,722
Repairs and Maintenance	4,657,439	5,444,645
Insurance	8,713,875	3,230,174
Rates and Taxes (Refer Note 44.1)	9,244,385	1,485,138
Communication Expenses	13,221,617	5,621,594
Travel and Conveyance	113,497,857	41,984,477

Notes forming part of the financial statements for the year ended 31 March, 2017

Printing and Stationery	33,202,816	16,858,590
Directors' Sitting Fees	1,499,813	670,130
Commission to Directors	3,000,000	-
Business Promotion	1,015,500	326,642
Donations and Contributions (Refer Note 46)	4,000,000	2,000,000
Legal and Professional Fees	32,118,721	11,649,936
Subscription Charges	9,750,444	3,556,404
Commission Paid	-	342,020
Software Costs	33,748,956	13,132,002
Security Charges	654,342	436,555
House Keeping Expenses	4,505,806	1,609,191
Office Expenses	2,876,674	798,860
Payments to Statutory Auditors' (net of service tax input credit)		
- Statutory Audit	1,800,000	1,200,000
- Tax Audit	200,000	100,000
- Other Services including Limited Review and Certificates	1,000,000	500,000
Miscellaneous Expenses	11,353,077	5,036,855
TOTAL	**353,725,652**	**139,898,408**

26 As per RBI guidelines on Securitisation DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitisation are given below:

Particulars	31 March 2017 Numbers/Amount (Rs.)	31 March 2016 Numbers/Amount (Rs.)
No of SPVs sponsored by the NBFC for securitisation transactions	5	6
Total amount of securitised assets as per books of the SPVs Sponsored	741,838,918	1,377,645,902
Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
a) Off-balance sheet exposures		
First loss	-	
Others		
b) On-balance sheet exposures		
First loss	83,112,648	81,556,226
Others		
Amount of exposures to securitisation transactions Other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Loss	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

Notes forming part of the financial statements for the year ended 31 March, 2017

26.1 Details of Financial Assets sold to Securitisation Company

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Total number of loan assets securitized during the year	125,860	145,330
Book value of loan assets securitized during the year	1,717,779,175	1,786,400,609
Sale consideration received during the year	-	-
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised	44,475,889	500,390,506
Gain / (loss) on the securitization transaction recognised in P&L	1,069,431	30,278,841
Gain / (loss) on the securitization transactions deferred	-	1,069,431
Quantum of Credit Enhancement provided on the transactions in the form of deposits	83,112,648	81,556,226
Quantum of Credit Enhancement as at year end	63,101,511	51,269,696
Interest spread Recognised in the Statement of Profit & Loss during the Year (including amortization of Unamortised Income)	158,762,303	90,221,041

27 Employee Benefits

27.1 Defined Contribution Plan

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 38,086,176 (Year ended 31 March 2016 Rs. 12,230,787) for Provident Fund contributions and Rs. 15,665,096 (Year ended 31 March 2016 Rs. 5,669,842) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

27.2 Defined Benefit Plans

The Company has a funded gratuity scheme with LIC for its employees as at 31 March 2017. The premium payable to LIC is accounted for in the Statement of Profit and Loss and the details for the current financial year are given as under:

Particulars	For the Year Ended 31 March 2017 Amount in Rs.	For the Year Ended 31 March 2016 Amount in
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	7,348,819	4,876,844
Current Service Cost	9,178,242	4,546,583
Interest cost569,533	361,230	
Benefits Paid	-	(722,948)
Actuarial (Gains)	(352,184)	(1,712,890)
Present value of Defined Benefit Obligation at End of the Year	**16,744,410**	**7,348,819**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	8,714,418	4,805,318
Expected Return on Plan Assets	762,512	573,806
Actual Company Contributions	182,369	4,227,881

Notes forming part of the financial statements for the year ended 31 March, 2017

Benefits Paid Out of the Assets	(182,369)	(722,948)
Actuarial Gain / (Loss)	-	(169,639)
Plan Assets at End of the Year	**9,476,930**	**8,714,418**
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	16,744,410	7,348,819
Fair Value of Plan Assets	9,476,930	8,714,418
Net (Liability)/Asset Recognised in the Balance Sheet	**(7,267,480)**	**1,365,599**
Cost of Defined Benefit Plan for the Year		
Current Service Cost	9,178,242	4,546,583
Interest Cost	569,533	361,230
Expected Return on Plan Assets	(762,512)	(573,806)
Net Actuarial Gains	(352,184)	(1,543,251)
Net Cost Recognized in the Statement of Profit and Loss	**8,633,079**	**2,790,756**
Return on Plan Assets		
Assumptions		
Discount Rate (Refer Note (b))	7.25%	7.75%
Interest Rate (Rate of Return on Assets)	8.75%	8.75%
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Attrition rate (Refer Note (a))	16.00%	16.00%

Notes:

a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

b) Discount rate is the prevailing market yields used by LIC for similar computations.

c) The entire Plan Assets are managed by the Life Insurance Corporation of India (LIC). The details with respect to the composition of investments in the fair value of Plan Assets have not been disclosed in the absence of the necessary information.

d) In the absence of the relevant information from the actuary, no disclosure has been made for experience adjustments.

27.3 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Assumptions:		
Discount Rate	7.75%	7.75%
Future Salary Increase	10.00%	10.00%
Attrition rate	16.00%	16.00%

28 Segment Reporting

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

Notes forming part of the financial statements for the year ended 31 March, 2017

29 Related Party Transactions

29.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2017	As at 31 March 2016
Key Management Personnel	Mr. S V Raja Vaidyanathan Managing Director Mr. R. Govindarajan Chief Financial Officer Mrs.Simi S S, Company Secretary	Mr. S V Raja Vaidyanathan Managing Director Mr. R. Govindarajan Chief Financial Officer Ms. Simi S S, Company Secretary (with effect from 29th October, 2015 Mr. G.Srikanth Chief Financial Officer (1 April 2015 to 9 October 2015) Ms. Nithya Company Secretary 1 April 2015 to till 29 October 2015)
Holding Company	Manappuram Finance Limited	Manappuram Finance Limited
Entities where Company has control	Asirvad Development Foundation	Asirvad Development Foundation

Note: Related party relationships are as identified by the Management.

29.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended31 March 2017Amount in Rs.	For the Year Ended31 March 2016Amount in Rs.
Expenses			
Loan Processing Fees	Manappuram Finance Limited	784,932	626,712
Reimbursement of Expense		-	767,700
Interest paid on Term Loan		19,728,462	16,051,706
Remuneration to Key Managerial Personnel	Mr. S V Raja Vaidyanathan Managing Director	17,500,004	11,950,000
	Mr. R. Govindarajan Chief Financial Officer	3,273,885	1,472,220
	Mrs. Simi S S, Company Secretary	786,538	264,443
	Mr. G.Srikanth Chief Financial Officer (1 April 2015 to 9 October 2015)	-	2,868,886
	Ms. Nithya, Company Secretary 1 April 2015 to till 29 October 2015)	-	422,890
Donation	Asirvad Development Foundation	4,000,000	2,000,000

Notes forming part of the financial statements for the year ended 31 March, 2017

Transaction	Related Party	For the Year Ended31 March 2017 Amount in Rs.	For the Year Ended31 March 2016 Amount in Rs.
Other Transactions			
Loan Received	Manappuram Finance Limited	750,000,000	500,000,000
Repayment of Term Loan		750,000,000	500,000,000
Allotment of shares under ESOP	Mr. S V Raja Vaidyanathan Managing Director	-	111,700
Preference share capital subscribed and paid up		-	20,000,000
Dividend paid on preference shares		-	3,609,863
Balance as at Year End			
Other Receivable	Manappuram Finance Limited	3,588,356	4,373,288
Donation Payable	Asirvad Development Foundation	4,000,000	2,000,000

Note:

(a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2017 and 31 March 2016 there are no further amounts payable to / receivable from them, other than as disclosed above.

30 Operating Leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 3 years. For the year ended 31 March 2017, an amount of Rs. 4,001,114 (Previous Year Rs. 1,802,724) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
Less than One Year	6,651,292	3,193,400
One Year to Five Years	7,641,348	4,828,821
Later than Five Years	-	-

Other Operating leases agreements entered into by the company are cancellable at the option of the Company and hence do not require disclosure under Accounting Standard 19 on Leases.

30.1 Financial lease comprises lease of vehicles for which the future cash flows are disclosed below:

Particulars	Rentals (Rs.)		Present Value (Rs.)	
	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
Rentals payable under Hire purchase agreement				
- Within one year	4,050,335	1,020,687	4,050,335	1,020,687
- Later than one year and not later than five years	6,567,994	-	6,567,994	-
Less: Future finance charges	1,349,493	40,810	1,349,493	40,810
	9,268,836	**979,877**	**9,268,836**	**979,877**

31 Earnings Per Share

Particulars	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Profit after Tax - Rs.	343,317,994	239,584,886
Less: Preference dividend and tax thereon	-	7,333,067
Profit for the Year Attributable to the Equity Shareholders	343,317,994	232,251,819
Weighted Average Number of Equity Shares	26,276,636	16,556,023
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs.	13.07	14.03
- Diluted - in Rs.	13.07	14.03
Face Value Per Share - in Rs.	10.00	10.00

32 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2017 and 31 March 2016 are furnished below:

Particulars	For the Year Ended 31 March 2017 Amount in Rs.	For the Year Ended 31 March 2016 Amount in Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-
Note:		
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.		

33 Commitments and Contingencies

Particulars	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
Contingent Liabilities:		
Corporate Guarantees provided on Account of Managed Portfolio	-	23,582,716
Income Tax		
- Income Tax (A.Y. 2011-12)	40,808,130	-
- Income Tax (A.Y. 2014-15)	959,630	-
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Intangible Assets	875,000	-

Income Tax (A.Y. 2011-12) & (A.Y.2014-15)

The Company has received an Assessment order u/s. 148 for the AY 2011-12 with a demand of Rs. 40,808,130 by taxing the receipt of share premium amount received by the Company as unexplained cash credits.

Further, the Company has also received an Assessment Order u/s. 143(3) for the AY 2014-15 with a demand of Rs. 959,630 disallowing ESOP expenses, interest expenses incurred to earn exempted income and penalties & fines.

The Company has filed appeals against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that case will be decided in their favour and hence no provision has been considered.

Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals.

34 **Loan Portfolio and Provision for Standard and Non Performing Assets**

(a) Current Year

Asset Classification	Loan Outstanding as at 31 March 2017 (Gross) Amount in Rs.	Provision as at 31 March 2017 Amount in Rs	Loan Outstanding as at 31 March 2017 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	16,461,622,647	-	16,461,622,647
Non - Performing Assets	467,898,625	233,949,314	233,949,311
Loss Assets	334,349,760	334,349,760	-
Total	**17,263,871,032**	**568,299,074**	**16,695,571,958**

(b) Previous Year

Asset Classification	Loan Outstanding as at 31 March 2016 (Gross) Amount in Rs.	Provision as at 31 March 2016 Amount in Rs	Loan Outstanding as at 31 March 2016 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	8,600,823,906	86,008,239	8,514,815,667
Non - Performing Assets	9,706,093	2,522,193	7,183,900
Total	**8,610,529,999**	**88,530,432**	**8,521,999,567**

35 Changes in Provisions

(a) Current Year

Particulars	As at 1 April 2016	Provision for the Year	Utilization/ Reversal	As at 31 March 2017
Provision for Receivables under Financing Activities	88,530,432	522,163,062	42,394,420	568,299,074
Provision for Credit Enhancements on Assets De-Recognised	13,778,825	-	13,086,511	692,314
Total	**102,309,257**	**522,163,062**	**55,480,931**	**568,991,388**

(b) Previous Year

Particulars	As at 1 April 2015	Provision for the Year	Utilization/ Reversal	As at 31 March 2016
Provision for Receivables under Financing Activities	26,643,186	61,887,246	-	88,530,432
Provision for Credit Enhancements on Assets De-Recognised	5,771,968	8,006,857	-	13,778,825
Total	**32,415,154**	**69,894,103**	**-**	**102,309,257**

36 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November, 2014

36.1 Customer Complaints

(a)	No. of complaints pending as on 1 April 2016	-
(b)	No. of complaints received during the year	380
(c)	No. of complaints redressed during the year	380
(d)	No. of complaints pending as on 31 March 2017	-

36.2 Details of Registration with Financial Regulators

S.No	Regulator	Registration No.
1	Ministry of Company Affairs	CIN:U65923TN2007PLC064550
2	Reserve Bank of India	N-07-00769 dated 4 October 2013

36.3 Ratings assigned by Credit Rating Agencies

Particulars	As at 31 March 2017	As at 31 March 2016
Commercial paper	CRISIL A1+/Stable	-
Long Term Bank Facilities	CRISIL A+/Stable	ICRA - A Minus CARE - Single A Minus
Long term Non-Convertible Debentures	ICRA A (Stable) CRISIL A+/Stable CARE A+	CBO I, II, V, VI & IX - [ICRA] A(SO) CBO III & VI - [ICRA] - A+(SO) IFMR Flmpact - [ICRA] A- Kotak MF NCD - [CARE] A- Blue Orchid - [CARE] A-
MFI Grading	MFI 1 (MFI One) - CARE	MFI 1 (MFI One) - CARE
Subordinated Debt	CRISIL A+ Stable	-

36.4 Concentration of Advances, Exposures and NPA's

Particulars	As at 31 March 2017	As at 31 March 2016
Total Advances and Exposures to twenty largest borrowers	Refer Note below	Refer Note below
Total Exposure to top four NPA accounts	Refer Note below	Refer Note below
Percentage of Advances and Exposures to twenty largest borrowers to Total Advances of the NBFC	Refer Note below	Refer Note below

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 20,000 to Rs. 35,000 to women engaged in various income generating activities. As at 31 March 2017, the Company has provided loans to more than 11.93 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

36.5 Sector-wise NPAs as on 31 March 2017

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2017	Percentage of NPAs to Total Advances in that sector as on 31 March 2016
1	Agriculture & allied activities	2.62%	0.56%
2	MSME	5.64%	0.02%
3	Corporate borrowers	NA	NA
4	Services	NA	NA
5	Unsecured personal loans	NA	NA
6	Auto loans (commercial vehicles)	NA	NA
7	Other loans	NA	NA

36.6 Provisions and Contingencies (shown under the head Expenditure in Statement of Profit and Loss)

Particulars	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
Provision for Receivables under Financing Activities	522,163,062	72,880,963
Provision for Income Tax	359,000,000	152,091,271

36.7 Movement of NPAs

Sl.No	Particulars	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
(i)	Net NPAs to Net Advances (%)	1.36%	0.08%
(ii)	**Movement of NPAs (Gross)**		
	(a) Opening balance	9,706,093	1,013,167
	(b) Additions during the year	834,936,712	37,000,121
	(c) Reductions during the year	(42,394,420)	28,307,195
	(d) Closing balance	802,248,385	9,706,093
(iii)	**Movement of Net NPAs**		
	(a) Opening balance	7,183,900	764,243
	(b) Additions during the year	226,765,411	34,726,852
	(c) Reductions during the year	-	28,307,195
	(d) Closing balance	233,949,311	7,183,900
(iv)	**Movement of provisions for receivables under financing activities**		
	(a) Opening balance	88,530,432	26,643,186
	(b) Provisions made during the year	522,163,062	61,887,246
	(c) Write-off / write-back of excess provisions	42,394,420	-
	(d) Closing balance	568,299,074	88,530,432

36.8 During the year there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding or entire outstanding whichever is higher.

36.9 During the year company has not given any advances with intangible collateral such as charge over the rights, licenses, authority etc.

36.10 Registration Obtained from Other Financial Sector Regulators

During the year the company has not obtained any registrations from other financial regulators.

36.11 Penalties Imposed by RBI and Other Regulators

No penalties imposed by RBI or Other Regulators.

36.12 Investments

Particulars	As at 31 March 2017 Amount in Rs.	As at 31 March 2016 Amount in Rs.
Value of Investments		
(i) Gross Value of Investments		
(a) In India	5,00,000	250,583,708
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India		
(b) Outside India,	-	-
(iii) Net Value of Investments	-	-
(a) In India	5,00,000	250,583,708
(b) Outside India.	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess	-	-
(iv) Closing balance	-	-

36.13 Derivatives:

The Company has no transactions / exposure in derivatives in the current year and previous year.

37 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1 August 2008

Capital Adequacy Ratio

Particulars	As at31 March 2017 Amount in Rs.	As at31 March 2016 Amount in Rs.
Tier I Capital	2,385,019,418	2,217,153,906
Tier II Capital	1,119,408,431	61,531,143
Total Capital	3,504,427,849	2,278,685,049
Total Risk Assets	17,015,007,953	9,175,268,491
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	14.02%	24.17%
Tier II Capital as a percentage of Total Risk Assets (%)	6.58%	0.67%
Total Capital (%)	**20.60%**	**24.84%**

37.1 Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2017 and as at 31 March 2016.

37.2 Exposure to Capital Market

The Company does not have any exposure to Capital market as at 31 March 2017 and 31 March 2016.

37.3 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2017:

Amt in Rs.

Particulars	1 day to 30 - 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	272,221,322	308,908,883	279,432,235	904,376,266	1,887,673,927	2,840,293,395	16,666,685	-	**6,509,572,713**
Market Borrowings	103,742,940	119,864,951	199,210,528	842,249,418	1,119,730,554	4,337,361,656	1,266,000,000	1,420,000,000	**9,408,160,047**
Assets									
Advances (Micro Finance Loans)	1,785,896,487	1,435,581,929	1,431,473,393	3,974,317,455	6,093,425,679	2,541,630,539	1,545,550	-	**17,263,871,032**
Investments	-	-	-	-	-	-	-	500,000	**500,000**

Asset Liability Management

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2016:

Amt in Rs.

Particulars	1 day to 30 - 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Total
Liabilities									
Borrowings from Banks	96,325,271	158,615,718	142,553,938	446,525,867	861,628,934	1,640,383,250	51,666,667	-	**3,397,699,645**
Borrowings from Other Parties	150,171,607	109,111,999	105,502,327	659,623,704	769,491,431	1,681,684,506	800,000,000	-	**4,275,585,574**
Market Borrowings									
Assets									
Advances (Micro Finance Loans)	526,166,909	574,994,777	579,678,170	1,730,571,057	3,182,656,527	2,013,327,238	3,135,321	-	**8,610,529,999**
Investments	250,083,708	-	-	-	-	-	-	500,000	**250,583,708**

38 Disclosure Pursuant to paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016):

Particulars		As at 31 March 2017		As at 31 March 2016	
		Amount Outstanding in Amount in Rs.	Amount Overdue Amount in Rs.	Amount Outstanding Amount in Rs.	Amount Overdue Amount in Rs.
Liabilities:					
1	*Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:*				
(a)	Debentures (Refer Note Below)				
	- Secured	3,630,542,437	-	1,642,079,029	-
	- Unsecured (other than falling within the meaning of public deposits)	1,879,095,550	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans (Refer Note Below)	10,326,665,406	-	6,140,219,490	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Cash Credits	249,916,864	-	-	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs. 99,937,987 (Previous Year Rs. 42,495,784) and Term Loans amounting to Rs. 64,002,778 (Previous Year Rs.66,517,516), totalling to Rs. 168,487,497 (Previous Year Rs. 109,013,300) as at 31 March 2017.

Particulars		Amount Outstanding as at 31 March 2017 Amount in Rs.	Amount Outstanding as at 31 March 2016 Amount in Rs.
Assets:			
2	***Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :***		
	(a) Secured	-	-
	(b) Unsecured (Refer Note Below)	17,263,871,032	8,610,529,999
3	***Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities***		
(i)	Lease Assets including Lease Rentals Accrued and Due:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC Activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans other than (a) above	-	-

	Particulars	Amount Outstanding as at 31 March 2017 Amount in Rs.	Amount Outstanding as at 31 March 2016 Amount in Rs.
4	***Break-up of Investments***		
	Current Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	250,083,708
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
	Long Term Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	500,000	500,000
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Investment in Pass Through Certificates	-	-

5 ***Borrower Group-wise Classification of Assets Financed as in (2) and (3) above***

Category	As at 31 March 2017 Amount in Rs. (Net of Provisions) (Refer Note below)		As at 31 March 2016 Amount in Rs. (Net of Provisions) (Refer Note below)	
	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related	-	-	-	-
2 Other than Related	-	16,695,571,958	-	8,521,999,567
Total	-	**16,695,571,958**	-	**8,521,999,567**

Note: The amount of Assets financed represents the net owned portfolio outstanding after adjusting the provisions for standard, substandard and doubtful assets.

6	*Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :*	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2017	Book Value as on 31 March 2017	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2016	Book Value as on 31 March 2016
	Category				
1	Related Parties				
(a)	Subsidiaries	-	-	-	-
(b)	Companies in the Same Group	-	-	-	-
(c)	Other Related Parties	-	-	-	-
2	Other than Related Parties (Refer Note Below)	747,500	500,000	747,500	500,000
	Total				

Note:

The Company's share of the Net Asset Value of Alpha Micro Finance Consultants Private Limited has been calculated based on the unaudited financial statements of the Company as at 31 March 2017.

7	*Other Information*	As at 31 March 2017 Amount in Rs.		As at 31 March 2016 Amount in Rs.	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	802,248,385	-	9,706,093
(ii)	Net Non-Performing Assets	-	233,949,311	-	7,183,900
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-

39 Disclosures of Frauds Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2 March 2012:

(a) Current Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement of Cash				
- By Employees	6	29.30	2	1.56
- By Others	5	34.49	7	4.11
	11	**63.79**	**9**	**5.67**

(b) Previous Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In
Embezzlement of cash by	3	16.38	-	-
Employees	**3**	**16.38**	-	-

Note:

The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

39.1 Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012

Net Interest Margin during the Year:

Particulars	For the Year ended 31 March 2017	For the Year ended 31 March 2016
Average Interest (a)	23.24%	23.51%
Average effective cost for borrowing Interest (b)	13.30%	14.04%
Net Interest Margin (a-b)	9.94%	9.47%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the year ended 31 March 2017 and 31 March 2016.

The Average interest cost of borrowings of the Company for the year ended 31 March 2017 and 31 March 2016 has been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings. The Average cost of borrowings include the following :

a) Upfront processing fees paid by the Company for availing loans.

b) Interest loss on fixed deposits placed as collateral, being difference between rate of interest on fixed deposit and the interest rate on the borrowings.

40 Disclosures of Transactions Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015:

Loans and Advances in the nature of Loans	As at 31 March 2017 Amount in Rs.		As at 31 March 2016 Amount in Rs.	
	Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a) From Holding Company:				
- Mannapuram Finance Limited	-	729,166,667	-	500,000,000
(b) To Fellow Subsidiaries				
- No Fellow Subsidiaries during the Current Year	-	-	-	-
(c) To Associates				
- No Associate during the Current Year	-	-	-	-
(d) Where there is				
- No Repayment Schedule	-	-	-	-
- Repayment Schedule beyond seven years	-	-	-	-
- No Interest	-	-	-	-
- Interest below the rate as specified in section 186 of the Companies Act, 2013	-	-	-	-
(e) To Firms / Companies in which directors are interested (Other the (a) and (b) above)				
- Adhikar Microfinance Private Limited (Refer Note Below)	-	-	-	3,358,767
(f) Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-

Note: The information on maximum amount outstanding has been disclosed from the date on which the concerned director was appointed on the Board of the Company.

41 **Earnings in Foreign Exchange** - Rs. Nil (Previous Year Rs. Nil)

42 **Expenditure incurred in Foreign Currency** (On Accrual Basis) - Rs. Nil (Previous Year Rs. Nil)

43 The Company did not have any unhedged Foreign currency exposure as at 31 March 2017 and 31 March 2016 and the company did not have any derivatives.

44 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 as provided in the Table below:-

Particulars	SBNs	Other Denominations Notes	Total
Closing cash in hand as on 08.11.2016	22,093,500	5,061,730	27,155,230
(+) Permitted Receipts @	19,247,000	2,605,615,783	2,624,862,783
(+) Receipts for Non-Permitted Transactions #	16,182,000	-	16,182,000
(-) Permitted Payments	130,500	1,115,112,989	1,115,243,489
(-) Amount Deposited in Banks	57,392,000	1,459,695,637	1,517,087,637
Closing cash in hand as on 30.12.2016	-	35,868,887	35,868,887

@ Represents SBNs received by the Company and directly deposited by the Company's customers into the Bank account of the Company.

Represents SBNs received by the Company subsequent to 8 November 2016 from transactions which are not permitted, due to certain exigencies.

44.1 During the year ended 31 March 2017, the Company has remitted an amount of Rs. 3,000,000 (Tax - Rs. 2,400,000 and Penalty - Rs. 600,000) as per the self declaration filed by the Company for dealing in specified bank notes for the period from 9 November 2016 to 30 December 2016 into the Pradhan Mantri Garib Kalyan Yojna (PMGKY). Further, an amount of Rs. 1,500,000 has been paid as an interest free refundable (after 4 years) deposit has been deposited with Pradhan Mantri Garib Kalyan Yojna (PMGKY).

45 Marketing Commission

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based slab rates specified according to the terms of the agreements. The Company has received an amount of 178,408,911 (Previous Year Rs. 87,268,630) towards commission for the marketing of solar lamps, mobile phones and cookware.

46 Corporate Social Responsibility

During the year, the Company incurred an aggregate amount of Rs. 4,000,000(Previous Year - Rs. 2,000,000) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

(i) Gross amount required to be spent by the Company during the year: Rs. 3,932,421 (Refer note 25)

(ii) Amount spent by the Company during the year:

Particulars	Amount Paid (by Cheque)	Yet to be Paid	Total
Donation to Asirvad Development Foundation	2,000,000	2,000,000	4,000,000

47 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 68,663,599 (Previous Year - Rs. 47,916,977), out of the net profit after tax for the year ended 31 March 2017 to Statutory Reserve.

48 The Board of Directors have reviewed the realisable value of all the assets of the Company (other than Fixed Assets and Non-Current Investment) and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

49 **Previous Year Figures**

Previous year's figures have been regrouped / reclassified, wherever necessary, to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

V P Nandakumar
Chairman

S V Raja Vaidyanathan
Managing Director

V R Rajiven
Director

Raveendra Babu
Director

R Govindarajan
Chief Financial Officer

Simi S S
Company Secretary

Place : Chennai
Date : 19 May 2017

CORPORATE EVENTS

5 YEAR COMPLETION AWARDS

MEETING OF STATE HEADS AND FUNCTIONAL HEADS

NEW STATE LAUNCHES: ODISHA, MAHARASHTRA & RAJASTHAN

MANAPPURAM BANKERS' CONFERENCE

CORPORATE TRAINING