

**INDEPENDENT AUDITORS' REPORT**

To Members of Asirvad Micro Finance Limited.

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the Standalone Financial Statements of **Asirvad Micro Finance Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing ("the SAs") specified under sub-section (10) of section 143 of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

**Key Audit Matters**

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



have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p><b>Expected Credit Loss - Impairment of carrying value of loans and advances</b></p> <p>Refer to Note 3(i) of significant accounting policies and Note 39.</p> <p>Under Ind AS 109, Expected Credit Losses ('ECL') are required to be determined for recognizing impairment losses on financial assets which are stated at amortized cost. The Company exercises significant judgment using assumptions in recognizing impairment provision for loans and advances.</p> <p>The computation of impairment provision or ECL is based on significant management estimates and judgments, which are as under:</p> <ul style="list-style-type: none"> <li>• Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL</li> <li>• Loan staging criteria</li> <li>• Calculation of Probability of Default ('PD') and Loss Given Default ('LGD')</li> <li>• Consideration of probability scenarios and forward looking macro-economic factors</li> </ul> <p>ECL requires a large variety of data such as historical data, macro-economic &amp; state specific variables as an input to the ECL model. This increases the risk of</p>	<p>We performed following audit procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the Company's accounting policies for measurement and recognition of ECL in line with the requirements of Ind AS 109 - Financial Instruments</li> <li>• Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio</li> <li>• Verified on a sample basis, loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage</li> <li>• Test checked the Probability of Default ('PD') and Loss Given Default ('LGD') computations performed by the management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at a portfolio level</li> <li>• Test checked the computations of determining Exposure at Default (EAD)</li> <li>• Test checked the manner of determining significant increase in credit risk and the resultant basis for classification of exposures into various stages</li> </ul>



	<p>completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>In view of the criticality of the item to the Financial Statements, complex nature of assumptions, interpretations of RBI regulations &amp; judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>• Performed an assessment of the ECL provision at each stage to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.</li> <li>• Tested the arithmetical accuracy of the computations made by the Company</li> <li>• Perused the disclosures in the financial statements in respect of ECL and specific disclosures made in adherence with RBI guidelines related to COVID-19 packages.</li> <li>• We have also obtained management representations wherever considered necessary.</li> </ul>
<p>2.</p>	<p><b>Information Technology ('IT') Systems and IT General Control ('ITGC') impacting financial reporting</b></p> <p>The Company operates in a complex IT environment that involves substantial reliance on its IT systems which are extensively used in the operations of the Company for processing and recording voluminous data impacting key financial data including loans, interest income, repayment collections data and impairment of financial instruments. These IT systems are also extensively used in the financial reporting process.</p> <p>Adequate IT General Controls, application controls and access controls are required to ensure that such IT systems are able to process the data to ensure data consistency, accuracy and reliability especially for financial reporting.</p>	<p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the IT infrastructure and IT systems relevant to the Company's financial reporting process for evaluation and tested relevant IT general controls and IT application controls.</li> <li>• Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis.</li> </ul>



<p>Also, certain manual adjustments were required to be made to re-classify balances from control account to sub ledgers, post entries manually in fixed asset module which added to the complexity.</p> <p>We have identified 'Information Technology ('IT') Systems and IT General Control ('ITGC') impacting financial reporting as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture including its extensive use in the financial reporting process. Our audit outcome is dependent on the effective functioning of such IT systems.</p>	<ul style="list-style-type: none"> <li>• Tested the automated computation processed by the IT system that includes computation of interest income.</li> <li>• We have placed reliance on audit report issued by the independent third-party auditor as appointed by the Company for review of Information Security and IT General Control.</li> <li>• We have also obtained management representations wherever considered necessary.</li> </ul>
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**Emphasis of Matter**

We draw attention to Note 64 to the Standalone Financial Statements in relation to the restatement of the comparative financial information for the year ended March 31, 2022 relating to the accounting policy of recognition of revenue on credit impaired portfolio (Stage 3 portfolio) with the parent entity's accounting policy and the requirements of Ind AS 109 'Financial Instruments'.

Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's management and the Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated when we read the Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 (Revised) "The Auditor's Responsibilities Relating to Other Information".



### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's management and the Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

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

In preparing the Standalone Financial Statements, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management and the Board of Directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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



- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has an adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be



communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable.
2. 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 purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
  - e) On the basis of the written representations received from the directors as at March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
  - f) With respect to the adequacy of internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a) the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 41 to the Standalone Financial Statements as at March 31, 2023;
  - b) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023;

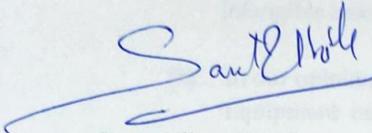


- c) There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023; and
- d) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the standalone financial statements (Refer Note 61 to the Standalone Financial Statements), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts (Refer Note 61 to the Standalone Financial Statements), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- e) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- f) The Company has neither declared any dividend nor paid any dividend during the year.



4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

For M. P. Chitale & Co  
Chartered Accountants  
ICAI Firm Registration No.: 101851W



**Sanat Ulhas Chitale**  
Partner  
ICAI Membership No.: 143700  
UDIN: 23143700BGXAWX1281



**Place:** Valapad  
**Date:** May 09, 2023

**Annexure A to the Independent Auditors' Report - March 31, 2023**

Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our Independent Auditors' Report to the members of the Company of even date:

- (i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:  
The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment including intangible assets.
- (b) In our opinion, the Company's program of physically verifying Property, Plant and Equipment once in three years, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, the physical verification of Property, Plant and Equipment were physically verified by the Company during the previous year. We were informed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its Property, Plant and Equipment or intangible assets during the year.
- (e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or pending against the Company as at March 31, 2023, for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is in the business of providing micro finance loans and Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) (a) of the Order is not applicable to the Company.
- (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions based on the security of current assets. According to the information and explanations given to us and the records examined by us, the quarterly returns or statements were not required to be filed by the Company during the year as these working capital limits utilised were against liquid securities placed with such banks or financial institutions.



- (iii) (a) Since the Company is in business of providing micro finance loans, the reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) The investments made, guarantees provided, security given and loans and advances granted in our opinion, prima facie, are not prejudicial to the interest of the Company.
- (c) The Company is principally engaged in the business of providing loans. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 2,41,564 cases having loan outstanding balance at year end aggregating to Rs. 17,931.36 Lakhs wherein the repayments of principal and interest are not regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where repayment of principal and interest have not been regular.
- (d) In respect of loans granted by the Company, the total amount overdue for more than 90 days as at the balance sheet date are as under;

No. of cases	Principal amount (Rs. Lakhs)	Interest overdue (Rs. Lakhs)	Total amount (Rs. Lakhs)
2,41,564	15,408.98	2,522.37	17,931.36

According to the information and explanation given to us and the records examined by us, the Company has taken reasonable steps to recover the principal and interest amount.

- (e) Since the Company is in business of providing micro finance loans, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.
- (iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.



- (vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting on clause 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amount payable was outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues as mentioned in sub clause vii(a) above which have not been deposited with the appropriate authorities on account of any dispute except as mentioned below:  
Details of dues of Income Tax, which have not been deposited as at March 31, 2023, on account of dispute are given below:

Nature of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2015-16	1,124.50
Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2016-17	1,978.91
Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2017-18	1,521.37
Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2020-21	1,953.49
Income Tax Act, 1961	Income Tax	CIT (Appeals)	AY 2021-22	501.38

- (viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income in the tax assessments made during the year under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.



- (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.
- (c) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised, other than funds temporarily placed in Bank accounts and Bank Fixed Deposits aggregating to Rs. 15,600 lakhs, pending utilization of funds as per respective sanction terms.
- (d) On an overall examination of the Standalone Financial Statements of the Company, no funds raised on short-term basis have been, prima facie, used for long term purposes during the year by the Company.
- (e) The Company does not have subsidiary, associate or joint venture Company, accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have subsidiary, associate, or joint venture, accordingly, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- (x)
  - (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has not raised any money by way of an initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.
  - (b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
  - (a) According to information and explanation given to us, and on the basis of examination of the books and records of the Company, we have come across instances of frauds on the Company amounting to Rs. 1,015.60 Lakhs (Aggregate amount), which have been noticed and reported during the year.
  - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

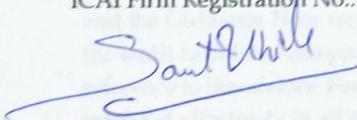


- (c) We have taken into consideration the whistle blower complaints received by the Company during the year, while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company and hence, reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transaction with the related parties and the details of related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable Accounting Standards.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports provided to us for the year under audit, and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and such registration has been obtained by the Company.
- (b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial activities or Micro Finance activities without obtaining a valid Certificate of Registration from the Reserve Bank of India as per Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company ('CIC') as defined in the regulations made by the Reserve Bank of India.
- (d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly, reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year
- (xviii) There has not been any resignation of the statutory auditors of the Company during the year hence reporting under clause 3(xviii) of the Order is not applicable to the Company.



- (xix) On the basis of the financial ratios, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) Other than ongoing projects, there are no unspent amounts towards Corporate Social Responsibility ('CSR') to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.
- (b) In respect of ongoing projects, the Company has transferred unspent CSR amounts as at the end of the current financial year, to a Special account within a period of 30 days from the end of the current financial year in compliance with the provision of section 135(6) of the Act.
- (xxi) Based on information and explanations given to us, the Company is not required to prepare consolidated financial statements as per section 129(3) of the Companies Act 2013. Accordingly reporting under clause 3(xxi) of the Order is not applicable to the Company.

For M. P. Chitale & Co  
Chartered Accountants  
ICAI Firm Registration No.: 101851W



Sanat Ulhas Chitale  
Partner  
ICAI Membership No.: 143700  
UDIN: 23143700BGXAWX1281



Place: Valapad  
Date: May 09, 2023

**Annexure B to the Independent Auditors' Report - March 31, 2023**

**Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 ('the Act')**

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

We have audited the Internal Financial Controls with reference to the Standalone Financial Statements of **Asirvad Micro Finance Limited** ('the Company') as at March 31, 2023, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management and Board of Directors are 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). 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 the 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 with reference to Standalone Financial Statements 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') and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to Standalone Financial Statements 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 with reference to Standalone Financial Statements 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 Standalone 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 with reference to Standalone Financial Statements.

#### **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 Standalone 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 Standalone 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 the 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 Standalone 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, the Company has, in all material respects, an adequate internal financial control with reference to Standalone Financial Statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, 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.

For **M. P. Chitale & Co**  
Chartered Accountants  
ICAI Firm Registration No.: 101851W



**Sanat Ulhas Chitale**  
Partner  
ICAI Membership No.: 143700  
UDIN: 23143700BGXAWX1281



Place: Valapad  
Date: May 09, 2023

Asirvad Micro Finance Limited  
Balance Sheet as at March 31, 2023

(All amounts in Rs. lakhs unless otherwise stated)

Particulars		Note No.	As at March 31, 2023	As at March 31, 2022
<b>I</b>	<b>Assets</b>			
<b>1</b>	<b>Financial assets</b>			
	(a) Cash and cash equivalents	5	56,663.05	79,430.46
	(b) Bank balance other than (a) above	6	32,426.99	12,392.06
	(c) Loans	7	8,66,889.56	5,42,855.32
	(d) Loans given to staff	7(b)	20.12	5.14
	(e) Investments	8	20,365.47	10,713.50
	(f) Derivative financial instruments	14	2,772.47	274.10
	(g) Other financial assets	9	10,898.15	10,891.38
			<b>9,90,035.81</b>	<b>6,56,561.96</b>
<b>2</b>	<b>Non-financial Assets</b>			
	(a) Current tax assets (net)	10	3,451.84	3,512.64
	(b) Deferred tax assets (net)	11 (a)	6,507.21	9,273.55
	(c) Investment property	12	6.64	8.64
	(d) Property, plant and equipment	12	7,011.91	3,423.03
	(e) Right of use asset	12	9,362.96	7,396.46
	(f) Other intangible assets	12	670.05	142.04
	(g) Intangible assets under development	12	-	94.18
	(h) Other non financial assets	13	1,278.18	1,137.83
			<b>28,290.79</b>	<b>24,988.37</b>
	<b>Total Assets</b>		<b>10,18,326.60</b>	<b>6,81,550.33</b>
<b>II</b>	<b>Liabilities and equity</b>			
<b>1</b>	<b>Financial liabilities</b>			
	(a) Derivative financial instruments	14	-	-
	(b) Other payables	15	-	-
	(i) total outstanding dues of micro enterprises and small enterprises		967.67	2,688.28
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
	(c) Debt securities	16	1,15,847.95	1,38,543.44
	(d) Borrowings (other than debt securities)	17	6,87,360.56	3,85,412.34
	(e) Subordinated liabilities	18	39,401.05	31,920.38
	(f) Other financial liabilities	19	17,413.04	12,679.69
			<b>8,60,990.27</b>	<b>5,71,244.13</b>
<b>2</b>	<b>Non-financial liabilities</b>			
	(a) Current tax liabilities (net)	20 (a)	-	-
	(b) Provisions	20 (b)	1,048.00	1,497.57
	(c) Other non-financial liabilities	21	1,900.17	1,420.86
			<b>2,948.17</b>	<b>2,918.43</b>
<b>3</b>	<b>Equity</b>			
	(a) Equity share capital	22	6,264.02	5,331.19
	(b) Other equity	23	1,48,124.14	1,02,056.58
			<b>1,54,388.16</b>	<b>1,07,387.77</b>
	<b>Total Liabilities and Equity</b>		<b>10,18,326.60</b>	<b>6,81,550.33</b>

Notes 1 to 66 form an integral part of the financial statements  
This is the balance sheet referred to in our report of even date

For M. P. CHITALE & Co  
Chartered Accountants  
ICAI Firm Registration No: 101851W



Sanat Ullhas Chitale  
Partner  
ICAI Membership Number: 143700

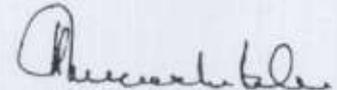


Date: May 09, 2023  
Place: Valapad

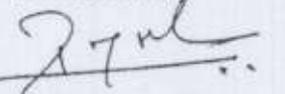


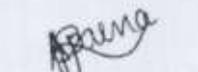
For and on behalf of the Board of Directors of  
Asirvad Micro Finance Limited

  
V P Nandakumar  
Chairman  
(DIN No.00044512)



B N Raveendra Babu  
Managing Director  
(DIN No.00043622)

  
Rajesh KRN Namboodiripad  
Chief Financial Officer

  
Aparna Menon  
Company Secretary

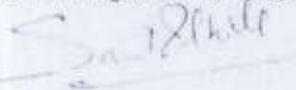
Date: May 09, 2023  
Place: Valapad

Asirvad Micro Finance Limited  
Statement of Profit and Loss for the year ended March 31, 2023

- Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<i>(All amounts in Rs. lakhs unless otherwise stated)</i>				
I	Revenue from operations			
	Interest income	24 (a)	1,54,523.78	1,19,303.12
	Net Gain on derecognition of financial instruments under amortised cost category	24 (b)	10,389.52	11,897.22
	Dividend income	24 (c)	-	1,118.80
	Other operating income	25	6,626.23	4,669.82
			<u>1,71,519.53</u>	<u>1,36,788.96</u>
II	Other income	26	4,408.11	4,400.01
III	Total income (I + II)		<u>1,75,927.64</u>	<u>1,41,188.97</u>
IV	Expenses			
	Finance cost	27	62,964.76	57,136.57
	Impairment of financial instruments, Amortisation of assets & Loss on derecognition of financial assets	28	27,366.43	40,682.24
	Employee benefit expenses	29	39,664.96	26,866.91
	Depreciation and amortisation expense	30	3,397.14	3,523.43
	Other expenses	31	11,420.73	10,872.65
	Total expenses (IV)		<u>1,44,856.02</u>	<u>1,38,083.80</u>
V	Profit before exceptional items and tax (III - IV)		<u>31,071.62</u>	<u>2,105.17</u>
VI	Exceptional items		-	-
VII	Profit before tax (V- VI)		<u>31,071.62</u>	<u>2,105.17</u>
VIII	Tax expense			
	(1) Current tax	11 (b)	6,318.30	1,956.12
	(2) Deferred tax	11 (b)	2,703.35	(1,103.02)
	(3) Tax relating to earlier years	11 (b)	236.88	(273.61)
			<u>9,268.53</u>	<u>579.49</u>
IX	Profit for the year (VII - VIII)		<u>21,813.09</u>	<u>1,525.68</u>
X	Other comprehensive income	23		
A	(i) Items that will not be reclassified to profit or loss:			
	a. Remeasurement gains and (losses) on defined benefit obligations (net)		(49.66)	155.76
	b. Fair value changes on derivatives designated as cash flow hedge (net)		299.97	290.44
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(63.00)	(112.30)
	Subtotal (A)		<u>187.31</u>	<u>333.90</u>
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal (B)		<u>-</u>	<u>-</u>
	Other comprehensive income (A + B)		<u>187.31</u>	<u>333.90</u>
XI	Total comprehensive income for the year (IX + X)		<u>22,000.40</u>	<u>1,859.58</u>
XII	Earnings per equity share of Rs. 10 each	33		
	- Basic (Rs.)		34.82	2.86
	- Diluted (Rs.)		34.82	2.86

Notes 1 to 66 form an integral part of the financial statements  
This is the statement of profit and loss referred to in our report of even date

For M. P. CHITALE & Co  
Chartered Accountants  
ICAI Firm Registration No: 101851W

  
Sanat Ulhas Chitale  
Partner  
ICAI Membership Number: 143700



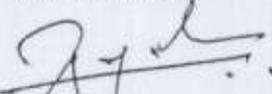
Date: May 09, 2023  
Place: Valapad



For and on behalf of the Board of Directors of  
Asirvad Micro Finance Limited

  
V P Nandakumar  
Chairman  
(DIN No.00044512)

  
B N Raveendra Babu  
Managing Director  
(DIN No.00043622)

  
Rajesh KRN Namboodiripad  
Chief Financial Officer

  
Aparna Menon  
Company Secretary

Date: May 09, 2023  
Place: Valapad

Aairvad Micro Finance Limited  
Statement of Cash Flow for the year ended March 31, 2023

(All amounts in Rs. lakhs unless otherwise stated)

Particulars	Year ended	
	March 31, 2023	March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit before tax	31,071.62	2,105.17
Adjustments for:		
Depreciation and amortisation expense		
Impairment of financial instruments	3,397.14	3,523.43
Amortisation of assets & Loss on derecognition of financial assets	5,787.04	40,682.23
Provision for insurance claim receivable		
Loss/(Profit) on sale of fixed assets (net)	(176.24)	339.47
Dividend income		
Finance cost		(1,118.80)
Interest on deposits	62,064.76	57,136.57
Share based payments to employees	(4,093.29)	(1,925.67)
Operating profit before working capital changes	98,971.92	1,00,727.11
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans		
Loans given to staff	(3,61,897.03)	(1,02,709.38)
Other financial assets	(14.98)	71.38
Other non financial assets	189.47	(5,882.91)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables		
Other financial liabilities	(1,720.81)	241.06
Other non financial liabilities	1,083.01	(1,063.22)
Other provisions	479.31	(2,019.50)
Net cash flow generated / (used in) operations	(499.23)	146.58
Net income tax paid	(2,83,568.48)	(10,960.51)
Net cash generated / (used in) in operating activities (A)	(6,433.03)	(4,062.18)
	(2,70,001.61)	(15,022.69)
<b>B Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment		
Purchase of property, plant and equipment	(4,562.18)	(4,912.35)
Purchase of other intangible assets	(667.24)	(317.10)
Net movement in bank deposits	(19,741.83)	6,438.56
Dividend received		1,118.80
Investments		
Interest income on deposits	(9,651.97)	(10,708.50)
Net cash flow generated / (used in) from investing activities (B)	3,800.16	1,817.02
	(20,823.94)	(8,663.56)
<b>C Cash flow from financing activities</b>		
Increase in Share Capital	932.94	
Increase in Security Premium	24,067.16	
Proceeds from long term borrowings - term loans	5,34,276.00	3,38,167.00
Repayment of long term borrowings - term loans	(2,39,346.00)	(2,73,763.08)
Interest paid on term loans	(40,529.09)	(33,739.57)
Proceeds from long term borrowings - debentures	39,000.00	89,300.00
Repayment of long term borrowings - debentures	(80,567.30)	(59,315.59)
Interest paid on debentures	(13,113.33)	(16,820.10)
Interest paid on securitisation		(84.88)
Repayment of securitisation borrowings	(224.90)	(6,845.87)
Proceeds from short term borrowings - commercial paper	34,695.67	
Other interest and charges paid	(1,133.89)	(719.07)
Net cash flow generated / (used in) from financing activities (C)	2,78,067.14	36,169.83
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(22,767.41)	14,583.59
Cash and cash equivalents at the beginning of the period	79,430.46	64,846.87
Cash and cash equivalents at the end of the period	56,663.05	79,430.46
Cash and cash equivalents as per above comprise of the following		
(a) Cash on hand	3,198.83	2,268.64
(b) Balances with banks (of the nature of cash and cash equivalents)	53,464.22	77,161.82
Balance as per statement of cash flow	56,663.05	79,430.46

Notes 1 to 66 form an integral part of the financial statements  
This is the statement of cash flow referred to in our report of even date

For M. P. CHITALE & Co  
Chartered Accountants  
ICAI Firm Registration No. 101891W

Sanat Uthas Chitale  
Partner  
ICAI Membership Number: 143700

Date: May 09, 2023  
Place: Valapad



For and on behalf of the Board of Directors of  
Aairvad Micro Finance Limited

VP Nandakumar  
Chairman  
(DIN No.00044512)

Rajesh KRN Nambodiripad  
Chief Financial Officer

Date: May 09, 2023  
Place: Valapad

B N Raveendra Babu  
Managing Director  
(DIN No.00043622)

Aparna Menon  
Company Secretary

Asirvad Micro Finance Limited  
 Statement of changes in equity for the year ended March 31, 2023  
 Statement of changes in equity (SOCIE)

(All amounts in ₹ lakhs unless otherwise stated)

A. Equity Share Capital

(1) For the Year Ended March 31, 2023

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the current year	Balance at the end of the current reporting period
5,331.19	-	932.84	6,264.02

(2) For the Year Ended March 31, 2022

Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period
5,331.19	-	-	5,331.19



*(Handwritten signature)*

All amounts in ₹ unless otherwise stated

B. Other Equity

(1) For the Year Ended March 31, 2023

Particulars	Reserves and Surplus					Other Comprehensive Income			Total	
	Securities Premium	Statutory Reserve	Capital redemption reserve	Contribution from Holding Company	General Reserve	Reinvested Earnings	Reassessment Gain/Loss on Defined Benefits Obligation	Effective portion of Cash flow hedge		Tax related to Items that will not be reclassified
Balance at the beginning of the current reporting period(s) at April 01, 2022	53,810.89	10,025.06	500.00	-	35.93	35,237.31	6.98	355.39	(97.62)	1,01,874.14
Changes in accounting policy or prior period errors	-	36.49	-	-	-	145.95	-	-	-	182.44
Restated balance at the beginning of the current reporting period	53,810.89	10,061.55	500.00	-	35.93	35,383.26	6.98	355.39	(97.62)	1,02,056.59
Total Comprehensive Income for the current year	24,087.15	-	-	-	-	21,813.09	(42.88)	299.97	(83.00)	22,006.40
Issue of share capital - Right Issue	-	-	-	-	-	-	-	-	-	24,087.15
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to GPF	-	4,362.62	-	-	-	-	-	-	-	8.89
Dividend During the Year	-	-	-	-	-	-	-	-	-	-
Issue of share capital - Right Issue	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period(s) at March 31, 2023	79,878.05	14,424.17	500.00	-	35.93	57,196.35	(42.88)	655.36	(160.62)	1,48,134.14

(2) For the Year Ended March 31, 2022

Particulars	Reserves and Surplus					Other Comprehensive Income			Total	
	Securities Premium	Statutory Reserve	Capital redemption reserve	Contribution from Holding Company	General Reserve	Reinvested Earnings	Reassessment Gain/Loss on Defined Benefits Obligation	Effective portion of Cash flow hedge		Tax related to Items that will not be reclassified
Balance at the beginning of the current reporting period(s) at April 01, 2021	56,810.89	8,756.91	500.00	15.30	35.93	34,182.72	(148.00)	64.95	18.68	1,00,212.30
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	56,810.89	8,756.91	500.00	15.30	35.93	34,182.72	(148.00)	64.95	18.68	1,00,212.30
Total Comprehensive Income for the current year	-	-	-	-	-	1,525.98	155.76	290.44	(112.30)	1,859.86
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer to GPF	-	305.14	-	-	-	-	-	-	-	305.14
Dividend During the Year	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period(s) at March 31, 2022	56,810.89	10,062.05	500.00	(15.30)	35.93	35,708.70	8.88	355.39	(97.62)	1,02,056.59

Note 1 to 84 form an integral part of the financial statements. This is the statement of assets in equity referred to in our report of even date.

For M. P. CHITALE & Co  
Chartered Accountants  
ICAI Firm Registration No. 101851W  
Date: May 05, 2023  
Place: Vadodra



For and on behalf of the Board of Directors of  
Asirvad Micro Finance Limited

V. P. Hanthakumar  
Chairman  
DIR No. 300445174

Rajesh K. B. Nambhoojee  
Chief Financial Officer

Date: May 05, 2023  
Place: Vadodra

B. H. Ramesh Babu  
Managing Director  
DIR No. 00043622

Aparna Menon  
Company Secretary



## 1 Corporate Information

Asirvad Micro Finance Limited was incorporated in August 2007 under the provisions of Companies Act, 1956. The Company is a Non-Banking Financial Company - Systemically Important Non-Deposit taking Company – Microfinance Institution (NBFC-MFI). The company is registered as a Microfinance Institution under the Non Banking Financial Company- Micro Finance Institution (Reserve Bank ) Directions, 2011 as amended, vide RBI letter dated October 04,2013.

The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the mainstream banking channels. The Company provides small value collateral free loans with fortnightly/monthly repayments. The company follows the Grameen Model with suitable adaptations using the group where each member is responsible for the loan repayment of the other members of the group.

In addition to the core business of providing micro-credit, the company also provides secured loans to Micro Small and Medium Enterprise ("MSME") and gold loans.

## 2 Basis of preparation

### (i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements. Except the following :

The Company started recognizing the revenue on the gross credit impaired portfolio net off provision harmonious with the requirements of IND AS 109 which was being recognized on actual receipt basis till March 31, 2022, thereby aligning its accounting policy of recognition of revenue on credit impaired portfolio (Stage 3 portfolio) with the parent entity's accounting policy. Accordingly, as per para 14 (b) of INDAS 8, the Company has retrospectively changed the policy to reflect the above changes in the financial results, thereby providing reliable and more relevant information about the Company's financial position, financial performance or cash flows

The financial statements for the year ended March 31, 2023 were authorised and approved for issue by the Board of Directors on May 9, 2023.

### (ii) Historical cost convention

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities and share based payments which are measured at fair values as explained in relevant accounting policies.

### (iii) Critical accounting estimates and judgements

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are:

#### Business model assessment

The Company determines the business model at a level that reflects how the financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and accordingly prospective change to the classification of those assets are made.

#### Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Fair value measurements

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



**Impairment of loan portfolio**

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment allowance for loans. These estimates are based on and advances. In estimating these cash flows, the Company makes judgments about the borrower's financial situation. These estimates are based on assumptions about a number of factors such as credit quality, level of arrears etc. and actual results may differ, resulting in future changes to the impairment allowance.

**Provisions**

Provisions created in respect of a range of future obligations such as litigation. Some of the provisions involve significant judgment about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgments about the ultimate outcomes of the transactions. Payments that are expected to be incurred after more than one year are discounted at a rate, which reflects both current interest rates and the risks specific to that provision.

**Useful lives of depreciable/ amortisable assets**

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of asset.

**3 Summary of significant accounting policies**

**(a) Property, plant and equipment**

**Initial recognition and measurement**

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss.

**Subsequent measurement (depreciation method, useful lives and residual value)**

Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on property, plant and equipment is provided on the Straight Line method over the useful life of the assets as prescribed under Part 'C' of Schedule II, which is also the management's estimates of useful lives of such assets.

Asset class	Useful Life(in Years)
Furniture and Fixtures including Electrical fittings	10
Leasehold Improvements	5
Office Equipment	5
Vehicles	8
Computers and Software	3

Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed. The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

**De-recognition**

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

**(b) Investment Property**

**Initial recognition and measurement**

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model. The cost of investment property includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

**De-recognition**

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Statement of Profit and Loss in the period in which the property is derecognised.

**(c) Intangible assets**

**Initial recognition and measurement**

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

**Subsequent measurement (Amortisation, useful lives and residual value)**

Intangible assets are amortised over a period of 3 years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.



**Intangible assets under development**

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost. Cost includes development cost, borrowing costs and other direct expenditure necessary to create, produce and repair the asset to be capable of operating in the manner intended by management. These are recognised as assets when the company demonstrate following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The company intends to and has sufficient resources to complete the project
- The company has the ability to use or sell such intangible asset
- The asset will generate probable future economic benefits.

**(d) Revenue recognition**

**Interest and processing fee income on loans**

Interest income for all financial instruments measured at amortised cost, is recorded using the effective interest rate ('EIR'). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets regarded as 'Stage 3', the Company recognizes interest income on the net amortized cost of financial assets at EIR. If financial asset is no longer credit-impaired Company reverts to calculating interest income on a gross basis.

Overdue interest is recognized only when it is reasonably certain that the ultimate collection will be made.

**Income from assignment transactions**

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

**Referral Income**

Income from cross sale services 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.

**Interest on fixed deposits**

Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable using the effective interest rate (EIR) method.

**Dividend Income**

Dividend income is recognised at the time when the right to receive is established by the reporting date.

**Miscellaneous Income**

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/ collection.

**(e) Finance cost**

Finance cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other finance costs are charged to the statement of profit and loss as on incurred basis using the effective interest rate method.

**(f) Taxation**

**Current Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or in other equity.

Tax expense recognized in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognized in other comprehensive income or directly in equity.



(a) Employee benefits

**Defined contribution plan**

**(i) Provident fund**

This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

**Defined benefit plan**

**(i) Gratuity**

The liability recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

**(ii) Compensated absences**

The Company provides benefit of compensated absences under which unveiled leave are allowed to be accumulated to be availed in future. The compensated absences comprises of both vesting and non vesting benefit. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method.

The present value of the defined benefit obligation denominated in ₹ is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

**Short-term employee benefits**

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Share based payments**

The Company has formulated an Employees Stock Option Scheme. The fair value of options granted under Employee Stock Option Plan is recognised as an employee benefits expense with a corresponding increase in other equity.

The total amount to be expensed is determined by reference to the fair value of the options. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in Statement of Profit and Loss, with a corresponding adjustment to equity.

(h) Impairment of non-financial assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is higher of an asset's net selling price and its value in use.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the reporting date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

(i) Impairment of financial assets

The Expected Credit Loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12m ECLs are calculated on a collective basis for identified homogenous pool of loans.

**Loan assets**

The Company follows a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 (0-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.
- Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.
- Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.

The ECL is measured at lifetime ECL for Stage 1, Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

The Probability of Default (PD) represents the likelihood of a borrower defaulting on its financial obligation over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) is based on the amounts the Company expects to be owed at the time of default. Management overlay is included in determining the lifetime ECL. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

**Other financial assets**

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.



When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Write off**

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to the statement profit and loss account.

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

**(k) Provisions, contingent assets and contingent liabilities**

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

**(l) Leases**

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances to assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

**(m) Financial Instruments**

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

Financial assets are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.



#### **Classification and Subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified and measured based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset at:

- a. Amortized cost
- b. Fair Value Through Other Comprehensive Income (FVTOCI) or
- c. Fair Value Through Profit or Loss (FVTPL).

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

#### **(i) Financial asset carried at amortised cost**

A financial asset is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. Non-performing financial assets are carried at amortised cost in the financial statement.

#### **(ii) Financial assets carried at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows and selling financial assets
- (b) The contractual terms of the financial asset meet the SPPI test.

FVTOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income is recognised in profit or loss in the same manner as for financial assets measured at amortised cost

#### **(iii) Financial assets carried at Fair Value Through Profit or Loss (FVTPL)**

Financial assets at FVTPL include financial assets that are designated at FVTPL upon initial recognition and financial assets that are not measured at amortised cost or at fair value through other comprehensive income. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in statement of profit and loss. The fair value of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### **De-recognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### **Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

##### **Classification and Subsequent measurement**

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Any gains or losses arising on derecognition of liabilities are recognised in the Statement of Profit and Loss.

##### **Derecognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

##### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there are a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



**(n) Derivative financial instruments**

The Company enters into derivative financial instruments, cross currency swaps, to manage its borrowing exposure to foreign exchange.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Derivatives are initially recognized at fair value at the date the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/loss is recognized in Statement of profit and loss.

**(o) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss (interest and other finance cost associated) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares

**(p) Segment reporting**

The Company operates in a single business segment i.e. lending to members, having similar risks and returns for the purpose of Ind AS 108 on 'Operating Segments'. The Company operates in a single geographical segment i.e. domestic.

**(q) Government grants**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

**(r) Foreign currency**

**Functional and presentation currency**

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (Rs.), which is the Company's functional and presentation currency

**Transactions and balances**

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

**(s) Securitisation and direct assignment**

The securitised assets where the Company has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments' shall not be de-recognized and proceeds received from securitisation shall be recognised as borrowings and interest thereon shall be recognised as finance cost.

The direct assignment transaction where the Company has transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments' shall be de-recognized. Similarly, the gain on sale of assets arising from a direct assignment transactions, has been recognised on de-recognition as interest only strip.

**(t) Statement of cash flows**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

**4 Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.



	As at March 31, 2023	As at March 31, 2022
<b>5 Cash and cash equivalents</b>		
(a) Cash on hand	3,196.83	2,268.64
(b) Balances with banks		
- In current accounts	39,711.45	23,860.52
- In deposit accounts - not covered under lien	13,754.77	53,301.30
	<b>56,663.05</b>	<b>79,430.46</b>
<b>5.1</b> Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 cash flow statements	56,663.05	79,430.46
<b>6 Bank balance other than above (Also, refer note 17.1)</b>		
Balances with Banks	32,426.99	12,392.06
- In Deposit Accounts - under lien (Refer note 6.1 below)	<b>32,426.99</b>	<b>12,392.06</b>
<b>6.1 Deposit accounts under lien comprise of:</b>		
Deposits (excluding accrued interest) amounting to Rs. 30,143.82 lakhs (As at March 31, 2022 Rs. 11,631.70 lakhs) have been placed with certain banks for obtaining term loans.		
Deposits (excluding accrued interest) Rs 2,283.17 Lakhs (As at March 31, 2022 : Nil) are placed as credit enhancement (cash collateral) towards PTC transactions.		
<b>7 Loans (at amortised cost)</b>		
<b>(a) Term loans</b>	8,92,044.47	5,78,229.65
Less : Impairment loss allowance	25,154.91	35,374.33
<b>Total</b>	<b>8,66,889.56</b>	<b>5,42,855.32</b>
<b>(i) Secured</b>		
Loans	74,262.26	34,929.86
Less : Impairment loss allowance	381.03	221.94
<b>Sub Total</b>	<b>73,881.23</b>	<b>34,707.92</b>
<b>(ii) Unsecured</b>		
Loans	8,17,782.20	5,43,299.79
Less : Impairment loss allowance	24,773.87	35,152.39
<b>Sub Total</b>	<b>7,93,008.33</b>	<b>5,08,147.40</b>
<b>Grand Total</b>	<b>8,66,889.56</b>	<b>5,42,855.32</b>

Note: Previous year figures has been restated due to change in accounting Policy

<b>(b) Loans given to staff (at amortised cost)</b>		
Loans to Staff	20.12	5.14
	<b>20.12</b>	<b>5.14</b>

	As at March 31, 2023	As at March 31, 2022
<b>7.1</b>		
<b>Particulars</b>		
The loan receivables reflected above excludes microfinance loans assigned to a third party on direct assignment in accordance with RBI Guidelines which qualify for derecognition as per Ind AS 109. The amounts given are net of minimum retention retained in the books:	1,05,541.63	1,21,256.10

	As at March 31, 2023	As at March 31, 2022
<b>7.2</b>		
<b>Particulars</b>		
Provisions as per RBI Prudential Norms	9,912.51	7,305.46
Provisions as per ECL model under Ind AS 109	25,154.91	35,374.33
Amount recorded in the books	25,154.91	35,374.33

As at March 31, 2023

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109*	Net Carrying amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	
<b>Performing assets</b>						
Standard	Stage 1	8,47,040.49	7,995.61	8,39,044.88	3,454.44	4,541.17
	Stage 2	18,120.41	1,610.86	16,509.55	73.38	1,537.48
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	26,092.14	15,124.95	10,967.19	5,784.98	9,359.97
<b>Doubtful</b>						
Up to one year	Stage 3	713.92	377.16	336.76	545.86	-168.70
1 to three year	Stage 3	23.14	13.52	9.62	19.48	-5.96
More than three year	Stage 3	54.37	32.80	21.57	54.37	-21.57
<b>Subtotal for doubtful</b>		<b>791.43</b>	<b>423.48</b>	<b>367.95</b>	<b>619.71</b>	<b>-196.23</b>
<b>Total</b>	<b>Stage 1</b>	<b>8,47,040.49</b>	<b>7,995.61</b>	<b>8,39,044.88</b>	<b>3,454.44</b>	<b>4,541.17</b>
	<b>Stage 2</b>	<b>18,120.41</b>	<b>1,610.86</b>	<b>16,509.55</b>	<b>73.38</b>	<b>1,537.48</b>
	<b>Stage 3</b>	<b>26,883.57</b>	<b>15,548.44</b>	<b>11,335.13</b>	<b>6,384.89</b>	<b>9,163.75</b>
<b>Total</b>		<b>8,92,044.47</b>	<b>25,154.91</b>	<b>8,66,889.56</b>	<b>9,912.51</b>	<b>15,242.40</b>



As at March 31, 2022

Asset classification as per RBI norms (A)	Asset classification as per Ind AS 109 (B)	Gross carrying amount as per Ind AS (C)	Loss allowances (provisions) as required under Ind AS 109* (D)	Net Carrying amount E = (C-D)	Provisions required as per IRACP norms (F)	Difference between IND AS 109 provisions and IRACP norms (F)
<b>Performing assets</b>						
Standard	Stage 1	5,02,773.92	7,393.48	4,95,380.44	6,400.38	-993.10
	Stage 2	64,628.77	19,108.77	45,520.00	646.29	-18,462.48
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	10,721.83	8,786.27	1,935.57	165.32	-8,620.94
Doubtful						
Up to one year	Stage 3	38.48	20.09	18.39	26.82	6.72
1 to three year	Stage 3	32.47	31.54	0.93	32.47	0.93
More than three year	Stage 3	34.18	34.181	-	34.18	-
<b>Subtotal for doubtful</b>		<b>105.13</b>	<b>85.81</b>	<b>19.31</b>	<b>93.46</b>	<b>7.65</b>
<b>Total</b>	Stage 1	<b>5,02,773.92</b>	<b>7,393.48</b>	<b>4,95,380.44</b>	<b>6,400.38</b>	<b>-993.10</b>
	Stage 2	<b>64,628.77</b>	<b>19,108.77</b>	<b>45,520.00</b>	<b>646.29</b>	<b>-18,462.48</b>
	Stage 3	<b>10,826.86</b>	<b>8,872.08</b>	<b>1,954.88</b>	<b>258.79</b>	<b>-8,613.29</b>
<b>Total</b>		<b>5,78,229.65</b>	<b>35,374.33</b>	<b>5,42,855.32</b>	<b>7,305.46</b>	<b>-28,068.88</b>

Note: Previous year figures has been restated due to change in accounting Policy

\* The Loss Allowance Provision on all stages including Stage 3 is computed on Outstanding Balance i.e Principal Outstanding + Accrued Interest of advances before giving effect of Ind AS adjustments

7.3 The Stage wise break of loans reflected above (Refer Note 7) is given below :

(A) As at March 31, 2023

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: Above 90
i. Loans considered as Qualifying Assets	7,54,845.18	17,440.48	25,559.47
ii. Loans considered as Non Qualifying Assets	92,195.32	679.93	1,324.10
Gross Carrying Amount of Loans	<b>8,47,040.50</b>	<b>18,120.41</b>	<b>26,883.57</b>
Less : Impairment loss allowance *	7,995.61	1,610.86	15,548.44
<b>Net Loans</b>	<b>8,39,044.88</b>	<b>16,509.55</b>	<b>11,335.13</b>

(B) As at March 31, 2022

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: Above 90
i. Loans considered as Qualifying Assets	4,53,019.10	62,681.50	10,295.86
ii. Loans considered as Non Qualifying Assets	49,754.81	1,947.27	531.11
Gross Carrying Amount of Loans	<b>5,02,773.91</b>	<b>64,628.77</b>	<b>10,826.96</b>
Less : Impairment loss allowance *	7,393.48	19,108.77	8,872.08
<b>Net Loans</b>	<b>4,95,380.43</b>	<b>45,520.00</b>	<b>1,954.88</b>

Note: Previous year figures has been restated due to change in accounting Policy

7.4 Reconciliation of impairment allowance on Loans

Particulars	Amount
<b>Impairment allowance as at 1 April 2021</b>	<b>34,144.89</b>
Add: Impairment allowance provided in statement of Profit & Loss	40,682.23
Less: Impairment allowance Utilised for writing off Loss assets	39,452.80
<b>Impairment allowance as at March 31, 2022</b>	<b>35,374.32</b>
Add: Impairment allowance provided in statement of Profit & Loss	27,368.43
Less: Impairment allowance Utilised for writing off assets	11,205.93
Less: Impairment allowance Utilised for portfolio sold to ARC	26,367.11
Less: Impairment allowance provided for receivables from resigned employees	14.80
<b>Impairment allowance as at March 31, 2023</b>	<b>25,154.91</b>



7.5 As per RBI guidelines on Securitisation DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 updated on April 16, 2019 the details of securitisation are given

Particulars	As at	As at
	March 31, 2023	March 31, 2022
(i) No of SPVs sponsored by the NBFC for securitisation transactions (count)	28	22
a.Through Direct assignment	3	-
b.Through PTC	-	-
<b>Total</b>	<b>31</b>	<b>22</b>
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	1,05,541.83	1,21,256.10
a.Through Direct assignment	43,041.45	-
b.Through Pass through Certificates	-	-
<b>Total</b>	<b>1,48,583.08</b>	<b>1,21,256.10</b>
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
<b>a) Off-balance sheet exposures</b>	-	-
First loss	-	-
Others	-	-
<b>b) On-balance sheet exposures</b>	11,953.65	14,733.58
First loss	-	-
Others	-	-
a. Pass through Certificates	-	-
Others	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR		
<b>a) Off-balance sheet exposures</b>	-	-
<b>i) Exposure to own securitizations</b>	-	-
First loss	-	-
Others	-	-
<b>ii) Exposure to third party securitisations</b>	-	-
First loss	-	-
Others	-	-
<b>b) On-balance sheet exposures</b>	-	-
<b>i) Exposure to own securitisations</b>	-	-
First loss	-	-
Others	-	-
<b>ii) Exposure to third party securitisations</b>	-	-
First loss	-	-
Others	-	-

7.6 Details of Financial Assets sold to Securitisation Company

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
<b>Total number of loan assets securitized during the year</b>		
a.Through Direct assignment	3,81,103.00	4,92,020.00
b.Through PTC	1,37,956.00	-
	<b>5,19,059.00</b>	<b>4,92,020.00</b>
<b>Book value of loan assets securitized during the year</b>		
a.Through Direct assignment	1,25,725.33	1,41,548.43
b.Through PTC	52,189.86	-
	<b>1,77,915.19</b>	<b>1,41,548.43</b>
<b>Sale consideration received during the year</b>		
a.Through Direct assignment	1,13,153.55	1,25,923.67
b.Through PTC	45,175.58	-
	<b>1,58,329.13</b>	<b>1,25,923.67</b>
<b>MFI Loans Subordinated as Credit Enhancement on Assets Derecognised</b>		
a.Through Direct assignment	12,571.78	15,624.76
b.Through PTC	7,014.28	-
	<b>19,586.06</b>	<b>15,624.76</b>
<b>Gain / (loss) on the securitization transaction recognised in P&amp;L</b>		
Through PTC & Direct assignment	10,369.52	11,697.22
<b>Gain / (loss) on the securitization transactions deferred</b>		
Through PTC & Direct assignment	-	-
	<b>10,369.52</b>	<b>11,697.22</b>
<b>Quantum of Credit Enhancement provided on the transactions in the form of deposits</b>		
a.Through Direct assignment	-	-
b.Through PTC	-	-
	-	-
<b>Quantum of Credit Enhancement as at year end</b>		
a.Through Direct assignment	-	-
b.Through PTC	-	-
	-	-
<b>Interest spread Recognised in the Statement of Profit and Loss during the Year</b>		
a.Through Direct assignment	10,369.52	11,697.22
b.Through PTC	-	-
	<b>10,369.52</b>	<b>11,697.22</b>

7.7 No disclosure has been presented as per RBI notification RBI/2019-20/220 DOR.No.BP.DC.63/21.04,048/2020-21 Dated: April 17, 2020; as the balances are Nil.



	As at March 31, 2023	As at March 31, 2022
<b>8 Investments</b>		
<b>Investments at fair value through other comprehensive income</b>		
<b>Outside India</b>		
<b>In India</b>		
(i) Unquoted Equity Instruments	5.00	5.00
(ii) Investment in Government Securities	10,855.75	10,708.50
<b>Sub Total</b>	<u>10,860.75</u>	<u>10,713.50</u>
<b>Investments at fair value through Profit or Loss</b>		
<b>Outside India</b>		
<b>In India</b>		
(i) Investment in Security Receipts	9,504.72	-
<b>Sub Total</b>	<u>9,504.72</u>	<u>-</u>
<b>Gross Total</b>	<u>20,365.47</u>	<u>10,713.50</u>
Less : Allowance for impairment	-	-
<b>Total</b>	<u>20,365.47</u>	<u>10,713.50</u>
<b>9 Other financial assets</b>		
(a) Security deposits	983.42	630.85
(b) Retained interest on asset assigned	4,840.16	7,415.54
(c) Others	5,274.57	2,844.99
	<u>10,898.15</u>	<u>10,891.38</u>
<b>10 Current tax assets (net)</b>		
Advance income tax	3,451.84	3,512.84
	<u>3,451.84</u>	<u>3,512.84</u>
Note: Previous year figures has been restated due to change in accounting Policy		
<b>11 (a) Deferred tax assets (net)</b>		
Deferred tax assets (net)	6,507.21	9,273.55
	<u>6,507.21</u>	<u>9,273.55</u>
Note: Previous year figures has been restated due to change in accounting Policy		



11 (b) Current tax and deferred tax

(i) Income tax expense

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Current tax in respect of current year	6,318.30	1,956.12
(b) Deferred tax relating to origination and reversal of temporary differences	2,703.35	(1,103.02)
(c) Tax relating to earlier year	236.88	(273.61)
<b>Total tax expense recognised in statement of profit and loss</b>	<b>9,258.53</b>	<b>579.49</b>

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:

Particulars	As at March 31, 2023	As at March 31, 2022
Profit Before tax from operations	31,071.62	2,105.17
Income Tax using the company's domestic Tax rate #	7,820.73	529.87
Effect of other permanent differences	113.05	88.15
Effect of deferred tax remeasurement	1,087.87	234.47
Effect of change in previous year tax amount	236.88	(273.00)
<b>Income tax recognised in the statement of profit &amp; loss</b>	<b>9,258.53</b>	<b>579.49</b>

# The tax rate used for the FY 2022-2023 and 2021-2022 reconciliations above are the Corporate tax rate of 22%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Income tax act.

(iii) Income tax on other comprehensive income

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax</b>		
Remeasurement of defined benefit obligation	(12.50)	39.20
Fair value changes on derivatives designated as cash flow hedge (net)	75.50	73.10
<b>Total</b>	<b>63.00</b>	<b>112.30</b>

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet

Particulars	For the Year Ended March 31, 2023			
	Opening Balance	(Charge)/Credit recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets/deferred Tax liability :</b>				
Property, plant and equipment	635.51	(490.07)	-	145.44
Provision for employee benefits	793.97	(128.79)	12.50	677.68
Provision for loan receivables	8,815.86	(2,917.49)	-	5,438.59
Provision for fraud insurance claim receivable	179.36	103.07	-	282.43
Effective interest rate on borrowings	78.98	6.41	-	85.39
Present value discounting of security deposit and documentation fee	570.64	177.97	-	748.61
Effect of implementation of Ind AS 116	134.72	196.26	-	330.98
Effect of Restatement of Financial statement		(230.14)	-	230.14
Effective interest rate on DA and PTC loans	(1,866.49)	579.03	-	(1,287.46)
Gain / loss on hedge valuation	(69.00)	-	(75.50)	(144.59)
<b>Total</b>	<b>9,273.55</b>	<b>(2,703.75)</b>	<b>(63.00)</b>	<b>6,507.21</b>

Particulars	For the Year Ended March 31, 2022			
	Opening Balance	(Charge)/Credit recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets/deferred Tax liability :</b>				
Property, plant and equipment	318.75	316.76	-	635.51
Provision for employee benefits	634.94	198.23	(39.20)	793.97
Provision for loan receivables	8,245.22	570.64	-	8,815.86
Provision for fraud insurance claim receivable	158.52	20.84	-	179.36
Effective interest rate on borrowings	(28.28)	107.26	-	78.98
Present value discounting of security deposit and documentation fee	509.92	60.72	-	570.64
Effect of implementation of Ind AS 116	29.91	104.81	-	134.72
Effective interest rate on DA and PTC loans	(1,569.79)	(296.70)	-	(1,866.49)
Gain / loss on hedge valuation	(16.35)	-	(73.10)	(69.00)
<b>Total</b>	<b>8,282.84</b>	<b>1,082.56</b>	<b>(112.30)</b>	<b>9,273.55</b>

Note: Previous year figures has been restated due to change in accounting Policy



Ashvad Micro Finance Limited  
Notes forming part of the financial statements for the year ended March 31, 2023

(All amounts in ₹ Lakhs unless otherwise stated)

12. Property, plant and equipment, other intangible assets, Right of use assets and Intangible assets under development

Particulars	Property, plant and equipment										Right of use asset	Other intangible assets-Softwares	Intangible assets under development	
	Investment Property - Land	Computers	Furniture & Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Total							
Gross block														
As at March 31, 2021	8.64	2,072.76	570.65	185.49	268.96	82.26	3,180.11	1,132.42	533.80	54.50				
Additions		954.75	2,285.60	0.49	1,671.51	-	4,912.35	7,453.39	277.42	39.68				
Disposals														
As at March 31, 2022	8.64	3,027.51	2,856.25	185.98	1,940.47	82.26	8,092.46	8,585.80	811.22	94.18				
Additions		1,368.00	1,548.76	219.67	1,425.76	-	4,562.18	4,250.90	667.24	(94.18)				
Disposals														
As at March 31, 2023	8.64	4,395.51	4,405.01	405.65	3,366.23	82.26	12,654.64	12,836.70	1,478.46	-				
Accumulated depreciation/amortisation:														
As at March 31, 2021	-	1,721.97	332.04	176.24	208.80	53.44	2,492.49	237.94	274.11	-				
Depreciation/Amortisation expense Eliminated on Disposal of Assets	-	765.12	784.98	8.84	607.67	10.33	2,176.95	951.41	395.07					
Depreciation Adjustments														
As at March 31, 2022	-	2,487.09	1,117.03	185.08	816.47	63.77	4,689.43	1,189.35	669.18	-				
Depreciation/Amortisation expense Eliminated on Disposal of Assets	-	417.45	250.94	24.55	275.39	4.98	973.31	2,284.39	139.44					
Depreciation Adjustments														
As at March 31, 2023	-	2,904.54	1,367.96	209.63	1,091.87	68.75	5,642.74	3,473.74	808.62	-				
Net block														
As at March 31, 2022	8.64	540.42	1,739.22	0.90	1,123.99	18.49	3,423.04	7,396.46	142.04	94.18				
As at March 31, 2023	8.64	1,490.97	3,037.05	196.02	2,274.36	13.51	7,011.91	9,362.96	670.05	-				

\* The Company has changed its method of providing depreciation on property plant and equipment (PPE) from Written down value to Straight line method with effect from quarter ended September 30, 2022 as it reflects the pattern in which the asset's future economic benefits are expected to be consumed, thereby aligning its depreciation policy with that of group policy. Pursuant to the change in accounting estimate and in accordance with requirements of IND AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Company has computed the impact of such change during the year ended March 31, 2023, is Rs.3,155.26 Lakhs.



**Asirvad Micro Finance Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2023**

*(All amounts in ₹ lakhs unless otherwise stated)*

	As at March 31, 2023	As at March 31, 2022
<b>13 Other non financial assets</b>		
(a) Goods & service tax credit (input) receivable	341.34	150.72
(b) Prepaid expenses	894.41	410.94
(c) Capital advances	9.74	306.82
(d) Opex advances	6.96	200.82
(e) Others*	25.73	68.53
	<u>1,278.18</u>	<u>1,137.83</u>

\* (Also, refer note no 53 for ageing of trade receivables)

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	As at March 31, 2023	As at March 31, 2022
<b>14 Derivative financial instruments (Also, refer note 42.14)</b>		
<b>Currency derivatives</b>		
Interest rate swap	(2,772.47)	(274.10)
	<u>(2,772.47)</u>	<u>(274.10)</u>
<b>15 Other payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (Also, refer note 40)	967.67	2,688.28
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises (Also, refer note no 54 for trade payables ageing)	-	-
	<u>967.67</u>	<u>2,688.28</u>
There are no dues payable as at March 31, 2023 and March 31, 2022 to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.		
<b>16 Debt securities (At amortised cost)</b>		
<b>(a) Redeemable non-convertible debentures</b>		
- Secured	1,07,075.54	83,293.44
- Unsecured	8,772.41	55,250.00
	-	-
<b>(b) Commercial papers (Unsecured) (Refer Note 17.3)</b>	<u>1,15,847.95</u>	<u>1,38,543.44</u>
(i) Debt securities in India	1,15,847.95	1,38,543.44
(ii) Debt securities outside India	-	-
	<u>1,15,847.95</u>	<u>1,38,543.44</u>
Also, refer note 17.4		
<b>17 Borrowings (other than debt securities) (At amortised cost)</b>		
<b>(a) Secured</b>		
- Term loan from banks	5,68,464.74	3,19,349.65
- Term loan from NBFCs	25,773.90	27,354.63
- Other financial institutions	34,463.03	35,108.06
	<u>6,28,701.67</u>	<u>3,81,812.34</u>
<b>(b) Unsecured</b>		
- Term loan from NBFCs	15,789.87	3,600.00
	<u>42,869.02</u>	<u>-</u>
<b>(c) Borrowings under securitisation arrangement</b>	<u>6,87,360.56</u>	<u>3,85,412.34</u>
Borrowings in India	6,54,824.52	3,53,255.72
Borrowings outside India	32,536.04	32,156.62
	<u>6,87,360.56</u>	<u>3,85,412.34</u>
<b>17.1 Security on term loans from banks and others (Also, refer note 6)</b>		
All loans are secured by hypothecation of 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)		
(a) Deposits with Banks & Others	32,426.99	12,392.06
(b) Deposits with NBFCs	-	-
	<u>32,426.99</u>	<u>12,392.06</u>
<b>17.2 Details of cash credit from bank - Secured</b>		
(a) The cash credit facility is secured by hypothecation of Microfinance Loans		
(b) The Company has not defaulted in the repayment of dues to Banks and NBFC's.		
(c) The details of interest rate, tenor, repayment terms of the Short Term Borrowings are as follows:		

Repayment Terms	Interest Rate	March 31, 2023	March 31, 2022
Repayable on Demand	0.00%	-	-

\* there is no cash credit from bank during the FY 2022-2023 and FY 2021-2022

17.3

Details of commercial paper - Unsecured				
(i) Particulars	Tenor (Days)	Interest Rate	March 31, 2023	March 31, 2022
-	-	-	-	-
Details of commercial paper issued/repaid during the current year ended March 31, 2023				
Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction	
SBI Mutual Fund (Repaid)	52	7.75%	23/08/2022	
SBI Mutual Fund (Repaid)	56	7.75%	23/08/2022	
SBI Mutual Fund (Repaid)	57	8.65%	31/10/2022	
NORTHERN ARC MONEY MARKET ALPHA TRUST (Repaid)	90	8.65%	23/11/2022	
Details of commercial paper issued/repaid during the current year ended March 31, 2022				
Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction	
-	-	-	-	



17.4 Details of terms of repayment- Debentures and subordinated liabilities

ISIN No	Type of NCD	No. of Debentures		Face value (Amounts in ₹)	Interest rate	Due date of redemption	Closing balance	
		As at	March 31, 2022				March 31, 2023	March 31, 2022
INE516Q08169	Sub Debt	-	500	10,00,000	13.00%	30-Jun-22	-	5,000.00
INE516Q08158	Sub Debt	150	150	10,00,000	12.42%	28-Jun-23	1,500.00	1,500.00
INE516Q08182	Sub Debt	-	350	10,00,000	13.00%	15-Jul-22	-	3,300.00
INE516Q08174	Sub Debt	-	150	10,00,000	13.00%	15-Jul-22	-	1,500.00
INE516Q08331	Sub Debt	10,000	10,000	1,00,00,000	11.90%	29-Jun-26	10,000.00	10,000.00
INE516Q08372	Sub Debt	5,000	5,000	1,00,00,000	13.50%	31-Dec-27	5,000.00	5,000.00
INE516Q08390	Sub Debt	530	530	10,00,000	13.50%	31-May-27	5,500.00	5,500.00
INE516Q08399	Sub Debt	100	-	1,00,00,000	11.25%	09-Oct-28	10,000.00	-
INE516Q08406	Sub Debt	50	-	1,00,00,000	11.25%	25-Nov-28	5,000.00	-
INE516Q08414	Sub Debt	2,500	-	1,50,00,000	11.25%	31-Mar-26	2,500.00	-
INE516Q07226	Other Than Sub Debt	-	1,000	10,00,000	12.30%	09-Aug-23	-	5,000.00
INE516Q08281	Other Than Sub Debt	-	50,000	10,000	11.53%	30-May-24	-	5,000.00
INE516Q07267	Other Than Sub Debt	-	250	10,00,000	12.00%	27-Jun-22	-	2,300.00
INE516Q07275	Other Than Sub Debt	-	700	10,00,000	12.48%	09-Mar-25	7,500.00	7,000.00
INE516Q07283	Other Than Sub Debt	750	750	10,00,000	10.50%	28-Apr-23	7,500.00	7,500.00
INE516Q07291	Other Than Sub Debt	450	450	10,00,000	11.00%	29-May-23	4,500.00	4,500.00
INE516Q07309	Other Than Sub Debt	500	500	1,66,666	11.25%	21-Apr-23	833.33	2,500.00
INE516Q07317	Other Than Sub Debt	850	850	10,00,000	11.00%	29-Jun-23	8,300.00	8,300.00
INE516Q07341	Other Than Sub Debt	-	1,500	10,00,000	8.80%	19-May-22	-	3,750.00
INE516Q07358	Other Than Sub Debt	-	1,000	10,00,000	9.00%	14-Jun-22	-	10,000.00
INE516Q07366	Other Than Sub Debt	-	750	10,00,000	8.40%	30-Jun-22	-	7,500.00
INE516Q08307	Other Than Sub Debt	-	7,500	1,00,000	11.10%	06-Feb-23	-	3,750.00
INE516Q08323	Other Than Sub Debt	-	500	10,00,000	10.50%	08-Mar-23	-	5,000.00
INE516Q07382	Other Than Sub Debt	500	500	8,80,000	9.22%	30-Mar-25	4,400.00	4,700.00
INE516Q08356	Other Than Sub Debt	350	350	6,66,666	11.40%	31-Dec-24	2,333.33	3,500.00
INE516Q08390	Other Than Sub Debt	606	1,000	10,00,000	9.85%	13-Jul-23	6,060.00	6,280.00
INE516Q07408	Other Than Sub Debt	1,726	2,500	10,00,000	9.71%	29-Jan-24	17,260.00	19,460.00
INE516Q07416	Other Than Sub Debt	730	730	10,00,000	11.05%	27-Feb-25	7,300.00	7,300.00
INE516Q08364	Other Than Sub Debt	430	430	3,33,333	10.00%	23-Feb-24	1,900.00	3,500.00
INE516Q07424	Other Than Sub Debt	1,450	1,450	10,00,000	11.05%	15-Sep-26	14,500.00	14,500.00
INE516Q07432	Other Than Sub Debt	750	750	10,00,000	9.70%	08-May-24	7,500.00	7,500.00
INE516Q07440	Other Than Sub Debt	1,000	-	10,00,000	9.80%	12-Sep-24	10,000.00	-
INE516Q07457	Other Than Sub Debt	1,150	-	10,00,000	8.50%	28-Sep-24	11,500.00	-
							1,48,186.87	1,66,740.00



17.5 Details of terms of repayment, term loans from banks and others

As at March 31, 2023

Tenure	Repayment	Interest Range	Due within 1 year		Due within 1 to 2 year		Due within 2 to 3 year		Due within 3 to 4 years		Due within 4 to 5 years		Above 5 years	
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount
1 to 3 year	Bank	8% - 11%	10.00	37,445.00	-	-	-	-	-	-	-	-	-	-
	Half Yearly	9% - 11%	4.00	6,375.00	-	-	-	-	-	-	-	-	-	-
	Monthly	5% - 7%	18.00	3,334.35	24.00	11,612.84	-	-	-	-	-	-	-	-
		7% - 9%	57.00	17,756.53	20.00	3,333.33	189.00	64,637.99	-	-	-	-	-	-
		8% - 11%	13.00	5,174.29	278.00	90,726.32	29.00	19,334.09	-	-	-	-	-	-
		11% - 13.5%	-	-	18.00	24,682.93	42.00	48,045.46	-	-	-	-	-	-
Above 3 years	Half Yearly	8% - 11%	7.00	6,325.00	102.00	1,03,659.33	-	-	-	-	-	-	-	-
	Monthly	11% - 13.5%	2.00	444.00	10.00	11,100.00	-	-	-	-	-	-	-	-
		7% - 9%	-	-	36.00	8,250.00	63.00	32,291.67	-	-	-	-	-	-
		9% - 11%	-	-	54.00	8,287.64	-	-	-	-	-	-	-	-
		11% - 13.5%	-	-	56.00	10,140.96	30.00	25,605.33	-	-	-	-	-	-
		7% - 9%	-	-	16.00	10,902.73	-	-	32.00	18,800.00	36.00	39,215.03	-	-
	9% - 11%	-	-	-	-	-	-	-	-	-	-	20.00	30,000.00	
	11% - 13.5%	-	-	-	-	-	-	-	-	-	-	-	-	

As at March 31, 2022

Tenure	Repayment	Interest Range	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		Due within 4-5 years		Over 5 years	
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount
1yr-3yrs	Bank	10% - 11%	8.00	800.00	6.00	13,820.00	2.00	2,000.00	-	-	-	-	-	-
	Half Yearly	8% - 10%	2.00	7,500.00	1.00	6,625.00	-	-	-	-	-	-	-	-
	Monthly	10% - 11%	2.00	6,250.00	-	-	-	-	-	-	-	-	-	-
		7% - 9%	51.00	13,383.38	28.00	3,600.00	8.00	1,366.67	-	-	-	-	-	-
		8% - 10%	41.00	5,794.09	31.00	4,295.45	10.00	24.00	-	-	-	-	-	-
		9% - 10%	184.00	42,619.82	72.00	17,610.72	24.00	6,889.86	-	-	-	-	-	-
3yrs Above	Monthly	8% - 10%	245.00	77,017.12	86.00	22,791.03	13.00	2,021.00	-	-	-	-	-	-
	Quarterly	10% - 11%	2.00	327.21	-	-	-	-	-	-	-	-	-	-
	Half Yearly	11% - 12%	2.00	3,636.36	4.00	3,636.36	1.00	909.09	-	-	-	-	-	-
	Yearly	7% - 9%	4.00	4,565.45	4.00	3,658.36	4.00	3,636.36	-	-	-	-	-	-
	Half Yearly	9% - 10%	28.00	19,093.79	11.00	8,129.31	1.00	948.70	-	-	-	-	-	-
	Monthly	11% - 12%	4.00	700.00	-	-	4.00	4,223.00	-	-	-	-	-	-
3yrs Above	Half Yearly	10% - 11%	8.00	7,244.00	12.00	1,032.86	5.00	467.96	-	-	-	-	-	-
	Monthly	10% - 11%	14.00	1,078.29	16.00	2,223.00	4.00	2,223.00	-	-	-	-	-	-
	Quarterly	9% - 10%	15.00	5,888.99	4.00	18,466.67	15.00	14,050.00	-	-	-	-	-	-
		10% - 11%	18.00	19,267.92	16.00	18,466.67	15.00	14,050.00	-	-	-	-	-	-
		9% - 10%	-	-	-	-	-	-	-	-	-	-	-	-
		10% - 11%	-	-	-	-	-	-	-	-	-	-	-	-



17.6 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities (including subordinated liabilities)	Borrowings (other than debt)	Commercial Paper	Total
April 01, 2021	1,43,382.37	3,19,334.54	-	4,62,716.92
Proceeds	89,300.00	3,38,167.00	-	4,27,467.00
Repayment	-59,315.59	-2,80,608.95	-	-3,39,924.54
Interest expense	17,937.43	37,893.16	-	55,830.59
Interest paid	-16,829.10	-33,824.45	-	-50,653.56
Fair Value Changes	-	-290.44	-	-290.44
March 31, 2022	1,74,475.11	3,80,670.85	-	5,55,145.96
Proceeds	39,000.00	5,34,276.00	34,695.67	6,07,971.67
Repayment	-60,567.30	-2,39,346.00	-34,695.67	-3,34,608.97
Interest expense	16,871.05	40,710.20	476.45	58,057.70
Interest & Transaction cost paid	-13,113.33	-40,753.99	-476.45	-54,343.77
Fair Value Changes	-	-	-	-
March 31, 2023	1,56,665.52	6,75,557.06	-0.00	8,32,222.58

	As at March 31, 2023	As at March 31, 2022
<b>18 Subordinated liabilities</b>		
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt	39,401.05	31,920.38
	<b>39,401.05</b>	<b>31,920.38</b>
<b>19 Other financial liabilities</b>		
(a) Interest payable on assets assigned	3,696.82	3,189.01
(b) Lease liabilities (Also, refer note 34)	10,345.64	7,626.96
(c) Other payables	3,370.58	1,863.72
	<b>17,413.04</b>	<b>12,679.69</b>
<b>20 (a) Current tax liabilities (net)</b>		
Provision for taxation (net)	-	-
	<b>-</b>	<b>-</b>
<b>20 (b) Provisions (Also, refer note 35)</b>		
(a) Provision for compensated absences	466.49	850.75
(b) Provision for gratuity	581.51	646.82
	<b>1,048.00</b>	<b>1,497.57</b>
<b>21 Other non financial liabilities</b>		
(a) Statutory dues payable	1,316.45	837.14
(b) Other payables	583.72	583.72
	<b>1,900.17</b>	<b>1,420.86</b>



22 Equity share capital

For each class of equity share capital:	No of equity share	Amount(Equity share)	Remarks
(a) the number and amount of shares authorized;	9,00,00,000	9,000.00	1,000,000 Cumulative redeemable non-convertible preference shares of Rs.100/- each
(b) the number of shares issued, subscribed and fully paid, and subscribed but not fully paid;	6,26,40,245	6,264.02	
(c) par value per share;	10		
(d) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;	Details given in Note 1		
(e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;	NA		There are only one class as Equity share.  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.
(f) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate;	6,11,38,729	6,113.87	As on March 31, 2023 Holding company Manappuram Finance Limited(Details given as Note 2)
(g) shares in the company held by each shareholder holding more than five percent shares specifying the number of shares held;	6,11,38,729	6,113.87	As on March 31, 2023 Holding company Manappuram Finance Limited(Details given as Note 2)
(h) shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts;	NA		
(i) For the period of five years immediately preceding the date at which the Balance Sheet is prepared:			
- Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash;	NA		
- Aggregate number and class of shares allotted as fully paid up by way of bonus shares; and	NA		
- Aggregate number and class of shares bought back;	NA		
(j) terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date;	NA		
(k) calls unpaid (showing aggregate value of calls unpaid by Directors and officers);	NA		
(l) forfeited shares (amount originally paid up)	NA		
(m) An NBFC shall disclose information that enables users of its financial statements to evaluate the NBFC's objectives, policies and processes for managing capital.	NA		



(n) A company shall disclose Shareholding of Promoters\* as below:

Shares held by promoters at the end of the year			% Change during the year***
Promoter name	No. of Shares**	% of total shares	
S V Raja Vaidyanathan	10,60,000	1.09%	0.23%
Manappuram Finance Limited	0,11,30,729	97.00%	0.02%

\*Promoter here means promoter as defined in the Companies Act, 2013

\*\* Details shall be given separately for each class of shares

\*\*\* percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue.

Note 1

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the period/year	5,33,11,887	5,331.19	5,33,11,887	5,331.19
Issued during the year	93,28,358	932.83		
Outstanding at the end of the period/year	6,26,40,245	6,264.02	5,33,11,887	5,331.19

Note 2

Class of shares / Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	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 (the Holding Company)	6,11,38,729	97.60%	5,19,85,856	97.51%

\* No. of shares are in absolute numbers

Note 3 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.

Employees Stock Option Scheme (ESOS) (Also, refer note 52) :

During the year ended March 31, 2020, the Company introduced Employee Stock Option Scheme to eligible employees of the Company w.e.f from July 01, 2019 ("Relevant Date"). Accordingly 8,30,000 options were issued with a graded vesting period and 92,500 options are outstanding as at March 31, 2023.



(All amounts in ₹ lakhs unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>23 Other equity</b>		
(a) Capital redemption reserve	500.00	500.00
(b) ESOS Contribution from Holding Company	-	-
(c) Statutory reserve	14,424.67	10,062.05
(d) Securities premium account	79,878.05	55,810.89
(e) General reserve	35.93	35.93
(f) Surplus in statement of profit and loss	52,833.73	35,383.26
(g) Remeasurement Gain/Loss On Defined Benefit Obligation	(42.98)	6.88
(h) OCI(Effective portion of cash flow hedge)	655.36	355.39
(i) OCI(Tax related to items that will not be reclassified)	(160.62)	(97.62)
	<b>1,48,124.14</b>	<b>1,02,056.58</b>

**(a) Capital redemption reserve**

In accordance with Section 69 of the Companies Act, 2013, the Company creates capital redemption reserve equal to the nominal value of the shares bought back as an appropriation from general reserve

**(b) ESOS Contribution from Holding Company**

Under Ind AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service.

**(c) Statutory reserve**

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

**(d) Securities Premium Account**

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

**(e) General reserve**

General reserve represents an appropriation of profits by the Company.

**(f) Surplus in statement of profit and loss**

Surplus in statement of profit and loss represents the surplus in Profit and Loss Account and appropriations.

**(g) Other comprehensive income (OCI) - Remeasurement Gain/ Loss On Defined Benefit Obligation**

Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses excluding amounts included in net interest on the net defined benefit liability.

**(h) Other comprehensive income (OCI) - Effective Portion of cash flow hedge**

Represents remeasurement of cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI

**(i) Other comprehensive income (OCI) - Tax Related to item that will not be reclassified**

Represents tax related to items that will not be reclassified.



Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>(a) Capital redemption reserve</b>		
Opening balance	500.00	500.00
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<u>500.00</u>	<u>500.00</u>
<b>(b) ESOS Contribution from Holding Company</b>		
Opening balance	-	15.30
Add : (Reversal)/Contribution during the year	-	(15.30)
Less : Utilised during the year	-	-
Closing balance	-	-
<b>(c) Statutory reserve</b>		
Opening balance	10,062.05	9,756.91
Add: Additions during the year (Also, refer note no 50)	4,362.62	305.14
Less: Utilised / transferred during the year	-	-
Closing balance	<u>14,424.67</u>	<u>10,062.05</u>
<b>(d) Securities premium account</b>		
Opening balance	55,810.89	55,810.89
Add : Premium on shares issued during the year	24,067.16	-
Less : Utilised during the year	-	-
Closing balance	<u>79,878.05</u>	<u>55,810.89</u>
<b>(e) General reserve</b>		
Opening balance	35.93	35.93
Add: Transferred from surplus in statement of profit and loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<u>35.93</u>	<u>35.93</u>
<b>(f) Surplus in statement of profit and loss</b>		
Opening balance	35,383.26	34,162.72
Add: Profit for the year	21,813.09	1,525.68
Add: Restatement Impact	-	-
Less: Transfer to Statutory Reserve	(4,362.62)	(305.14)
Closing balance	<u>52,833.73</u>	<u>35,383.26</u>
<b>(g) Remeasurement Gain/Loss On Defined Benefit Obligation</b>		
Opening balance	6.68	(149.08)
Less: Effect for the year	(49.66)	155.76
Less: Transfer to Statutory Reserve	-	-
Closing balance	<u>(42.98)</u>	<u>6.68</u>
<b>(h) OCI (Effective portion of cash flow hedge)</b>		
Opening balance	355.39	64.95
Less: Effect for the year	299.97	290.44
Closing balance	<u>655.36</u>	<u>355.39</u>
<b>(i) OCI (Tax related to items that will not be reclassified)</b>		
Opening balance	(97.62)	14.68
Less: Effect for the year	(63.00)	(112.30)
Closing balance	<u>(160.62)</u>	<u>(97.62)</u>
<b>Total</b>	<b>1,48,124.14</b>	<b>1,02,056.58</b>

Note: Previous year figures has been restated due to change in accounting Policy



**Asirvad Micro Finance Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2023**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>24 (a) Interest income</b>		
(i) Interest income from loan:		
- Interest on loan- microfinance loans	1,39,569.50	1,14,385.37
- Interest on loan- MSME loans	10,860.99	2,992.08
(ii) Interest on deposits with banks and financial institutions	4,093.29	1,925.67
(iii) Other interest income	-	-
	<b>1,54,523.78</b>	<b>1,19,303.12</b>
Note: Previous year figures has been restated due to change in accounting Policy		
<b>24 (b) Net gain on derecognition of financial instruments under amortised cost category</b>		
Net gain on derecognition of financial instruments under amortised cost category	10,369.52	11,697.22
	<b>10,369.52</b>	<b>11,697.22</b>
<b>24 (c) Dividend income</b>		
Dividend income from mutual funds	-	1,118.80
	-	<b>1,118.80</b>
<b>25 Other operating income</b>		
Loss assets recovered	6,626.23	4,669.82
	<b>6,626.23</b>	<b>4,669.82</b>
<b>26 Other income</b>		
(a) Referral fees	4,052.00	4,261.80
(b) Miscellaneous income	356.11	138.21
	<b>4,408.11</b>	<b>4,400.01</b>
<b>27 Finance cost</b>		
(a) Interest on borrowings		
- Term Loans from banks	36,711.50	32,055.21
- Term Loans from NBFCs	3,669.91	2,157.28
- Borrowings under securitisation arrangement	224.90	84.88
- Other financial institutions	1,893.44	3,595.78
- Commercial paper	479.00	-
- Overdraft	334.83	-
(b) Interest on debt securities		
- Debentures & subordinated liabilities	17,340.40	17,937.43
(c) Other interest expense		
- Interest on finance lease obligations	1,196.89	586.91
(d) Other Borrowing Costs		
- Loan processing fees	575.41	136.89
- Bank charges	558.48	582.18
	<b>62,984.76</b>	<b>57,136.57</b>



**Asirvad Micro Finance Limited**  
**Notes forming part of the financial statements for the year ended March 31, 2023**

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>28 Impairment of financial instruments, Amortisation of assets &amp; Loss on derecognition of financial assets</b>		
Loans (Also, refer note 7.4 and 42.8)	27,368.43	40,682.24
	<u>27,368.43</u>	<u>40,682.24</u>
Less : Exceptional item	-	-
	<u>27,368.43</u>	<u>40,682.24</u>
Note: Previous year figures has been restated due to change in accounting Policy		
<b>29 Employee benefit expenses</b>		
(a) Salaries and wages	35,110.52	23,801.27
(b) Contributions to provident and other funds	3,816.16	629.02
(c) Gratuity expenses (Also, refer note 35)	693.58	640.54
(d) Staff welfare expenses	64.70	1,798.08
	<u>39,684.96</u>	<u>26,868.91</u>
<b>30 Depreciation and amortisation expense (Also, refer note 12)</b>		
(a) Depreciation of tangible assets	973.31	2,176.95
(b) Amortization of other intangible assets	139.44	395.07
(c) Amortization of right of use asset	2,284.39	951.41
	<u>3,397.14</u>	<u>3,523.43</u>
<b>31 Other expenses</b>		
(a) Electricity	319.54	170.34
(b) Rent (Also, refer note 34)	184.71	884.65
(c) Repairs and maintenance	178.01	79.30
(d) Insurance	369.27	496.41
(e) Rates and taxes	170.95	132.06
(f) Communication expenses	927.66	644.96
(g) Travel and conveyance	4,635.71	3,190.83
(h) Printing and stationery	305.01	350.49
(i) Directors' sitting fees	51.27	55.10
(j) Business promotion	418.81	204.52
(k) CSR expenses (Also, refer note 48)	239.73	365.53
(l) Legal and professional fees	782.88	688.54
(m) Provision for insurance claim receivable	(176.24)	339.47
(n) Subscription charges	30.70	247.07
(o) Software costs (Also, refer note 36)	1,432.27	1,759.41
(p) Security charges	(1.95)	10.80
(q) House keeping expenses	206.84	338.23
(r) Office expenses	229.49	89.78
(s) Directors commission (Also, refer note 36)	120.00	138.00
(t) Loss on sale of property, plant & equipment	-	-
(u) Payments to statutory auditors' (net of input tax credit)		
- Statutory audit	21.50	16.00
- Tax audit	1.50	1.50
- Other services (Limited Review, Interim Audit and Certification)	16.35	9.50
- Out of pocket expenses	27.70	2.43
(v) Miscellaneous expenses	939.02	658.73
	<u>11,420.73</u>	<u>10,872.65</u>



**32 Segment reporting**

The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the mainstream banking channels. Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the overall business segment, i.e. Microfinance Loans. As the allocation of resources and profitability of the business is evaluated by the CODM on an overall basis, with evaluation into individual categories to understand the reasons for variations, no separate segments have been identified. Accordingly no additional disclosure has been made for the segmental revenue, segmental results and the segmental assets & liabilities.

**33 Earnings per share**

Basic and Diluted earnings per share :

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Net Profit attributable to Equity Shareholders - ₹ in lakhs (Basic and Diluted)	21,813.09	1,525.68
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	6,26,40,245	5,33,11,887
(c) Earnings per share - Basic and Diluted - ₹ (Per equity share, face value Rs.10/- each)	34.82	2.86

Note: Previous year figures has been restated due to change in accounting Policy

**34 Leases**

**Details of Income/Expense recognised in the statement of Profit and Loss :**

Depreciation expense on right-of-use assets	2,284.39	951.41
Interest expense on lease liabilities	1,196.89	586.91
Total cash outflow for leases	2,567.95	1,113.84
Lease expense on Low Value Assets / Short term assets (refer note 31)	184.71	884.65
	<b>6,233.94</b>	<b>3,536.81</b>

**Maturity analysis of Lease Liabilities (valued on undiscounted basis):**

	Year ended March 31, 2023	Year ended March 31, 2022
Year 1	1,824.52	1,866.00
Year 2	2,173.07	1,896.00
Year 3	1,327.77	1,188.00
Year 4	25.29	1,015.00
Year 5	-	1,010.00

**35 Employee benefits**

**35.1 Defined contribution plan**

(a) The Company makes Provident and Pension Fund contributions, which is a defined contribution plan, for qualifying employees. Additionally, the Company also provides, for covered employees, health insurance through the Employee State Insurance scheme. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(All amounts in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2023	Year ended March 31, 2022
(b) Expenses recognised		
Included under 'Contributions to Provident and Other Funds' (Refer Note 29)	2,989.57	76.79
Contributions to provident and pension funds	826.59	552.23
Contributions to Employee State Insurance	<b>3,816.16</b>	<b>629.02</b>

**35.2 Compensated absences**

**Expenses recognised**

Included under salaries and wages (Refer Note 29)

29.02	277.73
<b>29.02</b>	<b>277.73</b>

	Year ended March 31, 2023	Year ended March 31, 2022
Current portion	136.56	192.72
Non - current portion	329.93	139.92
<b>Net liability recognised in the balance sheet</b>	<b>466.49</b>	<b>332.64</b>



35 Employee benefits (continued)

35.2 Compensated absences (continued)

The key assumptions used in the computation of provision for compensated absences are as given below:

	As at March 31, 2023	As at March 31, 2022
Discount Rate (% p.a)	7.10%	6.27%
Future Salary Increase (% p.a)	10.00%	10.00%
Attrition Rate	(i) below 35 Years (ii) above 35 Years	24.00% 24.00%

35.3 Defined benefit plans:

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 and the benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows :

	As at March 31, 2023	As at March 31, 2022
<b>Amounts recognised in statement of profit &amp; loss</b>		
Service cost		
- Current service cost	655.27	464.39
- Past service cost	-	-
- Net interest expense	12.25	21.38
<b>Components of defined benefit costs recognised in statement of profit or loss (A)</b>	<b>667.52</b>	<b>485.77</b>
<b>Components recognised in statement of other comprehensive income</b>		
Actuarial (gain)/loss on Plan Obligations	463.79	(333.59)
Difference between actual return and interest income on plan assets- (gain)/loss	(414.13)	177.83
<b>Components of defined benefit costs recognised in other comprehensive income (B)</b>	<b>49.66</b>	<b>(155.76)</b>
<b>Total</b>	<b>717.18</b>	<b>330.01</b>

- (i) The current service cost and interest expense for the year are included in the Note 29 - Employee benefit expenses in the statement of profit & loss under the line contribution to provident and other funds.  
(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.  
(iii) The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit credit method.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation	2,455.43	1,424.66
Fair value of plan assets	1,873.93	777.84
<b>Net (Liability) recognised in the balance sheet</b>	<b>(581.50)</b>	<b>(646.82)</b>
Current portion of the above	-	-
Non current portion of the above	(581.50)	(646.82)
	<b>(581.50)</b>	<b>(646.82)</b>

(c) Movement in the present value of the defined benefit obligation are as follows :

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation at the beginning of the year	1,424.66	1,215.92
Expenses recognised in profit and loss account		
- Current Service cost	655.27	464.39
- Interest expense (income)	93.03	76.67
Remeasurement gains / (losses)		
- Effect of Changes in Demographic assumptions	(252.07)	(254.24)
- Effect of Changes in financial assumptions	(62.04)	25.62
- Effect of experience adjustments	777.90	(104.97)
Benefit payments	(411.58)	(159.89)
Effect of transfer of employees from Holding Company	230.26	161.16
<b>Present value of defined benefit obligation at the end of the year</b>	<b>2,455.43</b>	<b>1,424.66</b>

- (i) The weighted average duration of the benefit obligation at March 31, 2023 is 2 years (As at March 31, 2022 is 6.233 years).



35 Employee benefits (continued)

35.3 Defined benefit plans (continued)

(d) Movement in fair value of plan assets are as follows :

	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	777.84	899.11
expenses recognised in profit and loss account		
- Expected return on plan assets	80.78	55.29
Remeasurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions	414.13	(177.83)
Contributions by employer (including benefit payments recoverable)	782.50	-
Benefit payments	(411.58)	(159.89)
Effect of transfer of employees from Holding Company	230.28	161.16
<b>Fair value of plan assets at the end of the year</b>	<b>1,873.93</b>	<b>777.84</b>

(e) The fair value of plan assets for India at the end of the reporting period for each category are as follows :

	As at March 31, 2023	As at March 31, 2022
Investment funds with insurance company (Life Insurance Corporation of India)	1,873.93	777.84

(i) The plan assets comprise insurer managed funds. None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity.

(ii) The actual return on plan asset for the year ended March 31, 2023 was Rs.494.91 Lakhs (For the year ended March 31, 2022: Rs. 177.83 Lakhs).

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	As at March 31, 2023	As at March 31, 2022
	Discount rate	7.10%
Expected rate of salary increase	10.00%	10.00%
Withdrawal Rate		24.00%
(i) below 35 Years	35.00%	-
(ii) above 35 Years	20.00%	-
Mortality		
Pre Retirement Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Post Retirement Mortality Rate	LIC Ann (1996-98)	LIC Ann (1996-98)

1. The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.

2. The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

3. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund (maintained by the Life Insurance Corporation ("LIC")) and is well diversified.

**Risks associated with plan provisions**

**Investment risk:**

The present value of defined benefit plan liability is calculated using a discount rate which is determined by reference to the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Interest risk:**

A decrease in the yield of Indian government securities will increase the plan liability.

**Longevity risk:**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:**

The present value of the defined benefit plan liability is calculated by reference to the future salaries. In particular, there is a risk for the Company that any adverse salary growth can result in an increase in cost of providing these benefits to employees in future.



35 Employee benefits (continued)

35.3 Defined benefit plans (continued)

Risks associated with plan provisions (continued)

Sensitivity analysis:

The following table summarises the effects of changes in these actuarial assumptions on the defined benefit liability.

	As at March 31, 2023	As at March 31, 2022
<b>(a) Discount rate</b>		
- Increase by 50 bps	(51.32)	(31.96)
- Decrease by 50 bps	55.47	33.39
<b>(b) Salary growth rate</b>		
- Increase by 50 bps	53.44	31.92
- Decrease by 50 bps	(50.46)	(30.90)
<b>(c) Withdrawal rate</b>		
- Increase by 50 bps	(14.84)	(28.73)
- Decrease by 50 bps	15.64	30.59
<b>(d) Mortality rate</b>		
- Increase in Expected life time by one year	0.25	(0.02)
- Increase in Expected life time by three years	0.63	0.02

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore in presenting the above sensitivity analysis the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(g) Effect of plan on entity's future cash flows

- (i) The Company expects to make a contribution of Rs. 550 lakhs during the next financial year.  
(ii) The weighted average duration of the benefit obligation at March 31, 2023 is 2 years (As at March 31, 2022 is 6.233 years).  
(iii) Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	As at March 31, 2023	As at March 31, 2022
Within 1 year	550.00	199.85
1 to 5 years	N/A	833.91
More than 5 years	N/A	603.44

Experience Adjustments

Experience Adjustments	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Defined benefit obligation	2,455.43	1,424.66	1,215.92	599.24	385.30
Fair value of plan assets	1,873.93	777.84	899.11	568.40	399.30
Surplus/(deficit)	(581.50)	(646.82)	(316.81)	(30.84)	14.00
Experience adjustment on plan liabilities	(463.79)	333.59	(170.64)	(17.04)	(35.36)
Experience adjustment on plan assets	414.13	(177.83)	(13.64)	(14.02)	(2.65)



36 Related party transactions

36.1 Names of related parties and nature of relationship

Nature of relationship	Name of the party
Key Management Personnel (KMP) of the company	Mr. BN Raveendra Babu - Managing Director
	Mr. V P Nandakumar - Chairman
	Mr. A Ramanathan - Independent Director
	Mr. Yogesh Ratnakar Udhoji- Chief Financial Officer (upto May 16, 2022)
	Mr. Rajesh KRN Nambodiripad- Chief Financial Officer (w.e.f. May 17, 2022)
	Mr. Abhijit Sen - Independent Director
	Mr. Desh Raj Dogra - Independent Director
	Mr. Gautam Rathindranath Saigal - Non Independent Director
	Ms. Pushya Sitaraman - Independent Director
	Mr. Subrata Kumar Alindra Mitra - Independent Director
	Mr. T. Balakrishnan - Independent Director
	Mr. T.M. Manoharan - Independent Director
	Mr. Harshan Kollara - Independent Director
	Ms. Anita Belani-Independent Director
Mr. S V Raja Vaidyanathan - Non Independent Director	
Mrs. Aparna Menon - Company Secretary	
Holding company	Manappuram Finance Limited
Entity over which KMP has significant Influence	Adlux Medcity And Convention Centre P Ltd
	Vivrti Capital Private Limited
Group companies	Proficient investment and financial consultancy Private Limited
	Manappuram Comptech and Consultants Limited
	Manappuram Health care Limited
	Manappuram Foundation

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

36.2 Transactions with the related parties

(All amounts in ₹ lakhs unless otherwise stated)

Nature	Name of the party	Year Ended	Year Ended
		March 31, 2023	March 31, 2022
Remuneration to KMP	Mr. S V Raja Vaidyanathan	-	295.14
	Mr. BN Raveendra Babu	128.70	120.30
	Mr. Yogesh Ratnakar Udhoji	17.33	72.51
	Ms. Aparna Menon	16.50	15.03
	Mr. Rajesh KRN Nambodiripad	30.70	-
	Manappuram Foundation	379.85	149.89
Donation	Manappuram Finance Limited	-	1.79
Business Associate service	Manappuram Finance Limited	12.49	8.86
Rent & other amenities	Proficient Investment And Financial Consultancy Pvt Ltd	2.39	4.77
	Manappuram Finance Limited	2.44	-
Rent receivable	Manappuram Finance Limited	2.44	-
Training expenses	Manappuram Finance Limited	74.52	69.02
	Vivrti Capital Private Limited	89.19	-
Interest Expense	Manappuram Finance Limited	761.03	-
Purchase of software	Manappuram Comptech and Consultants Limited	425.16	281.71
	Manappuram Comptech and Consultants Limited	1,167.14	1,127.02
Software expense	Manappuram Finance Limited	-	1.56
Staff welfare expenses	Adlux Medcity And Convention Centre P Ltd	-	0.58
Staff welfare expenses	Manappuram Health care Limited	-	0.02
Staff welfare expenses	Manappuram Foundation	-	-
Sitting fees	Mr. A Ramanathan	4.97	6.12
	Mr. Abhijit Sen	5.83	6.02
	Mr. D.R. Dogra	5.53	5.89
	Mr. D.R. Dogra	5.40	6.27
	Mr. Gautam Saigal	3.87	4.24
	Ms. Pushya Sitaraman	2.88	3.57
	Mr. Subrata Kumar Alindra Mitra	5.32	5.77
	Mr. T. Balakrishnan	1.16	3.44
	Mr. T.M. Manoharan	4.30	3.16
	Mr. Harshan Kollara	0.60	-
	Ms. Anita Belani	7.28	6.07
	Mr. S V Raja Vaidyanathan	11.10	10.00
	Commission	Mr. A Ramanathan	15.45
Mr. D.R. Dogra		16.30	16.00
Mr. Subrata Kumar Alindra Mitra		11.20	10.00
Mr. Abhijit Sen		13.73	13.00
Mr. Gautam Saigal		13.73	13.00
Ms. Pushya Sitaraman		13.73	13.00
Mr. T. Balakrishnan		-	10.00
Mr. T.M. Manoharan		11.20	10.00
Mr. Harshan Kollara		2.46	-
Aniltha Belani		11.10	10.00
Mr. S V Raja Vaidyanathan		60.00	60.00
Mr BN Raveendra Babu		-	-



## 36 Related party transactions (continued)

## 36.3 Balance as at year end

(All amounts in ₹ lakhs, unless otherwise stated)

Nature	Name of the party	As at	As at
		March 31, 2023	March 31, 2022
Rent payable	Proficient Investment And Financial Consultancy Pvt Ltd	-	0.88
Rent receivable	Manappuram Finance Limited	2.44	-
Staff welfare expenses payable	Manappuram Health Care Limited	-	0.01
Interest Generated from CSR fund	Manappuram Foundation	-	1.56
Software expense payable	Manappuram Complech and Consultants	33.54	138.24
Performance incentive payable	Mr. S V Raja Vaidyanathan	-	-
	Mr. BN Raveendra Babu	80.00	80.00
Commission payable	Mr. A Ramanathan	11.10	10.00
	Mr. D.R. Dogra	15.45	15.00
	Mr. Subrata Kumar Atindra Mitra	16.30	16.00
	Mr. Abhijit Sen	11.20	10.00
	Mr. Gautam Saigal	13.73	13.00
	Ms. Pushya Sitaraman	13.73	13.00
	Mr. T. Balakrishnan	13.73	13.00
	Mr. T.M. Manoharan	-	10.00
	Mr. Harshan Kollara	11.20	10.00
	Anitha Belani	2.46	-
	Mr. S V Raja Vaidyanathan	11.10	10.00

## 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.
- (b) The Related Parties have confirmed to the Management that as at March 31, 2023 and March 31, 2022 there are no further amounts payable to / receivable from them, other than as disclosed above.
- (c) The above compensation to key management personnel excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.
- (d) The transactions during the period are inclusive of GST.

## 36.4 Disclosures of Transactions Pursuant to Regulation 53(f) of SEBI (LODR) Regulations, 2015:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
Loans and advances in the nature of loans				
From Holding Company	13,000	13,000	-	-
To Fellow Subsidiaries	-	-	-	-
To Associates	-	-	-	-
Where there is				
No Repayment Schedule	-	-	-	-
Repayment Schedule beyond 7 years	-	-	-	-
No Interest	-	-	-	-
Interest below the rate as specified in section 186 of the Companies Act, 2013	-	-	-	-
To Firms / Companies in which directors are interested (Other the (a) and (b) above)	-	-	-	-
Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-



### 37 Capital Management

The Company manages capital risk in order to maximize shareholders' profit by maintaining sound/optimal capital structure. For the purpose of the Company's capital management, capital includes equity share capital and other equity. Debt includes term loans from banks, NBFC and debentures net of cash and bank balances. The Company monitors capital on the basis of the following gearing ratio. There is no change in the overall capital risk management strategy of the Company compared to last year.

Gearing ratio :

	As at March 31, 2023	As at March 31, 2022
Borrowings	8,42,609.56	5,55,876.16
Cash and bank balance	(56,663.05)	(79,430.46)
<b>Net debt (A)</b>	<b>7,85,946.51</b>	<b>4,76,445.70</b>
Equity share capital	6,264.02	5,331.19
Other equity	1,48,124.14	1,02,056.58
<b>Total equity (B)</b>	<b>1,54,388.16</b>	<b>1,07,387.77</b>
<b>Net debt to equity ratio (A/B)</b>	<b>5.09</b>	<b>4.44</b>

Note: Previous year figures has been restated due to change in accounting Policy

### 38 Categories of financial instruments

The carrying value and fair value of the financial instruments by categories are as follows:

Particulars	Carrying Value		Fair Value	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>(a) Financial assets</b>				
<b>Measured at amortised cost</b>				
- Loans	8,66,889.56	5,42,855.32	8,66,889.56	5,42,855.32
- Cash and cash equivalents	56,663.05	79,430.46	56,663.05	79,430.46
- Bank balance other than above	32,426.99	12,392.06	32,426.99	12,392.06
- Other financial assets	10,898.15	10,891.38	10,898.15	10,891.38
- Loan given to staff	20.12	5.14	20.12	5.14
<b>Measured at fair value through OCI</b>				
- Investments	20,365.47	10,713.50	20,365.47	10,713.50
<b>Hedge accounting</b>				
- Derivative financial instruments	2,772.47	274.10	2,772.47	274.10
<b>Total</b>	<b>9,90,035.81</b>	<b>6,56,561.96</b>	<b>9,90,035.81</b>	<b>6,56,561.96</b>
<b>(b) Financial liabilities :</b>				
<b>Measured at amortised cost</b>				
- Debt securities	1,15,847.95	1,38,543.44	1,15,847.95	1,38,543.44
- Borrowings (other than debt security)	6,87,360.56	3,85,412.34	6,87,360.56	3,85,412.34
- Subordinated liabilities	39,401.05	31,920.38	39,401.05	31,920.38
- Trade payables	967.67	2,688.28	967.67	2,688.28
- Derivative financial instruments	-	-	-	-
- Other financial liabilities	17,413.04	12,679.69	17,413.04	12,679.69
<b>Hedge accounting</b>				
- Derivative financial instruments	-	-	-	-
<b>Total</b>	<b>8,60,990.27</b>	<b>5,71,244.13</b>	<b>8,60,990.27</b>	<b>5,71,244.13</b>

The management assessed that fair value of loans, cash and cash equivalents, bank balances, other financial assets, borrowings, trade payables, derivative financial instrument and other financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note: Previous year figures has been restated due to change in accounting Policy



### 39 Financial Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the management on a continuous basis.

#### (a) Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, other bank balances, investments, loan assets and other financial assets. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

#### (i) Credit risk management

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

The Company provides for expected credit loss based on the following:

Assets covered	Nature	Basis of expected credit loss
Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans and other financial assets	Low credit risk	Life time expected credit loss
Loans	Moderate credit risk	Life time expected credit loss
Loans	High credit risk	Life time expected credit loss

#### Financial assets that expose the entity to credit risk

Particulars	Nature	As at	
		March 31, 2023	March 31, 2022
Cash and cash equivalents (excluding cash on hand)	Low credit risk	53,466.22	77,161.82
Bank balance other than above	Low credit risk	32,426.99	12,392.06
Loans	Low credit risk	8,39,044.88	4,95,380.44
Loans	Moderate credit risk	16,509.55	45,520.00
Loans	High credit risk	11,335.14	1,954.88
Loan given to staff	Low credit risk	20.12	5.14
Investments	Low credit risk	20,365.47	10,713.50
Other financial assets	Low credit risk	10,898.15	10,891.38

#### Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents (excluding cash on hand) and bank deposits is managed by only accepting highly rated deposits from banks and financial institutions across the country

#### Other financial assets

Other financial assets measured at amortized cost includes security deposits, receivable on assignment, advances recoverable on behalf of business correspondence arrangements, insurance claim receivables and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

#### Loans

The Company closely monitors the credit-worthiness of the borrower's through internal systems and appraisal process to assess the credit risk and define credit limits of borrower, thereby, limiting the credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. The Company assesses increase in credit risk on an ongoing basis for amounts loan receivables that become past due and default is considered to have occurred when amounts receivable become 90 days past due.

#### The major guidelines for selection of the client includes:

1. The client's income and indebtedness levels must be within the prescribed guidelines of Reserve Bank of India;
2. The client must possess the required KYC documents
3. The client's household must be engaged in some form of economic activity which ensures regular and assured income;
4. Client must agree to follow the rules and regulations of the organisation and
5. Credit bureau check – In order to deal with the problem of over extension of credit and indebtedness of the client, the organisation undertakes credit bureau checks compulsorily for every client. The credit bureau check helps the organisation in identifying clients with poor repayment histories and multiple loans



(II) Credit risk exposure

(i) Expected credit losses for financial assets other than loans

The Company have not made expected credit losses for financial assets other than loans as the maturity is within twelve months from the balance sheet date except for other financial assets mentioned below

Particulars	Cash and cash equivalents	Other bank balance	Loan given to staff	Investments	Other financial assets
<b>As at March 31, 2023</b>					
Estimated gross carrying amount	56,663.05	32,426.99	20.20	20,365.47	10,912.95
Less: Expected credit losses	-	-	(0.08)	-	(14.80)
<b>Net carrying amount</b>	<b>56,663.05</b>	<b>32,426.99</b>	<b>20.12</b>	<b>20,365.47</b>	<b>10,898.15</b>
<b>As at March 31, 2022</b>					
Estimated gross carrying amount	79,430.46	12,392.06	5.14	10,713.50	10,891.38
Less: Expected credit losses	-	-	-	-	-
<b>Net carrying amount</b>	<b>79,430.46</b>	<b>12,392.06</b>	<b>5.14</b>	<b>10,713.50</b>	<b>10,891.38</b>

(ii) Movement of carrying amount and expected credit loss for loans

Definition of default:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at lifetime ECL for Stage 1, Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Particulars	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount as at April 01, 2021</b>	<b>4,70,496.16</b>	<b>34,081.12</b>	<b>9,086.78</b>
Assets originated*	92,754.08	38,124.93	41,310.03
<b>Net transfer between stages</b>			
Transfer to stage 1	-	(3,112.68)	(73.70)
Transfer to stage 2	(48,552.61)	-	(43.34)
Transfer to stage 3	(11,923.70)	(4,464.60)	-
Assets derecognised (excluding write offs)	-	-	-
Write - offs (including death cases)	-	-	(39,452.81)
<b>Gross carrying amount as at March 31, 2022</b>	<b>5,02,773.92</b>	<b>64,628.77</b>	<b>10,826.96</b>
Assets originated*	3,85,706.66	-753.81	58,672.30
<b>Net transfer between stages</b>			
Transfer to stage 1	-	-1,011.05	-92.90
Transfer to stage 2	-15,179.13	-	-227.00
Transfer to stage 3	-26,232.01	-44,683.74	-
Assets derecognised (excluding write offs)	-27.03	-58.81	-31,077.82
Write - offs (including death cases)	-1.93	-0.96	-11,217.97
<b>Gross carrying amount as at March 31, 2023</b>	<b>8,47,040.49</b>	<b>18,120.41</b>	<b>26,883.57</b>

\*Assets originated during the year has been presented on net basis i.e. the collections has been netted off.

(iii) Reconciliation of loss allowance provision from beginning to end of reporting period:

Particulars	Stage 1	Stage 2	Stage 3
<b>Loss allowance as at April 01, 2021</b>	<b>9,600.52</b>	<b>15,475.70</b>	<b>9,068.67</b>
Increase of provision due to assets originated during the year	(7,329.79)	320.26	39,145.78
<b>Net transfer between stages</b>			
Transfer to stage 1	-	1,337.07	70.92
Transfer to stage 2	4,710.42	-	39.50
Transfer to stage 3	412.31	1,975.77	-
Assets derecognised (excluding write offs)	-	-	(39,452.81)
Impact of ECL on exposures transferred between stages during the year	-	-	-
Write - offs (including death cases)	7,393.46	19,108.80	8,872.07
<b>Gross carrying amount as at March 31, 2022</b>	<b>-12,641.35</b>	<b>-30,076.66</b>	<b>40,741.82</b>
Increase of provision due to assets originated during the year	-	-	-
<b>Net transfer between stages</b>			
Transfer to stage 1	-	-147.38	-69.64
Transfer to stage 2	1,022.27	-	-159.17
Transfer to stage 3	12,221.58	12,734.74	-
Assets derecognised (excluding write offs)	-0.34	-8.50	-24,862.26
Write - offs (including death cases)	-0.02	-0.14	-8,974.38
<b>Gross carrying amount as at March 31, 2023 (#)</b>	<b>7,995.61</b>	<b>1,610.86</b>	<b>15,548.44</b>

(#) If the probability of default increases or decrease by 10 basis point the expected credit loss will increase or decrease by ₹ 400.66 lakhs respectively. Similarly if the loss given default increases or decrease by 100 basis point the expected credit loss will increase or decrease by ₹ 336.94 lakhs respectively



(III) Concentration of loans (\*)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Micro finance loans	8,17,782.20	5,43,299.79
Micro, small and medium enterprise (MSME)	3,750.37	4,872.91
Loans against Gold Jewellery	70,511.89	30,056.95
<b>Total</b>	<b>8,92,044.47</b>	<b>5,78,229.65</b>

(\*) The above figures represents the gross loan value along with interest accrued

(b) Liquidity Risk Management :

Liquidity risk refers to the risk that the Company cannot meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation. The Company maintains adequate reserves and banking facilities, and continuously monitors the forecast and actual cash flows by matching maturing profiles of financial assets and financial liabilities in accordance with the approved risk management policy of the Company periodically. The Company believes that the working capital (including banking limits not utilised) and its cash and cash equivalent are sufficient to meet its short and medium term requirements.

Refer Note 42.19 which details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Company may be required to pay.

(c) Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity, and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is subject to interest rate risk, principally because the Company lend to customers at fixed interest rates and for periods that may differ from our funding sources, while the borrowings are at both fixed and variable interest rates for different periods. The Company assess and manage the interest rate risk by managing the assets and liabilities. The Asset Liability Management Committee ensures that all significant mismatches, if any, are being managed appropriately.

The Company has Board approved Asset Liability Management (ALM) policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

Sensitivity

The sensitivity of the statement of profit and loss is the effect of the changes in market interest rates on bank and other borrowings. Below is the sensitivity of profit and loss in interest rates.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest sensitivity*	2,348.22	1,110.09
Interest rates – increase by 0.50%	(2,348.22)	(1,110.09)
Interest rates – decrease by 0.50%		

\* Holding all other variables constant



**Price Risk**

The Company's exposure to price risk is not material and it is primarily on account of investment of temporary treasury surpluses in the highly liquid debt funds for very short durations. The Company has a board approved policy of investing its surplus funds in highly rated debt mutual funds and other instruments having insignificant price risk, not being equity funds/ risk bearing instruments.

**Foreign currency risk**

The Company is exposed to foreign currency fluctuation risk for its External Commercial Borrowings (ECB). The Company's borrowings in foreign currency are governed by RBI guidelines (RBI master direction RBI/FED/2018-19/67 dated 26 March 2019 and updated from time to time) which requires entities raising ECB for an average maturity of less than 5 years to hedge minimum 70% of the its ECB exposure (Principal and Coupon). The Company hedges its entire ECB exposure for the full tenure of the ECB as per Board approved Interest Rate risk, Currency risk hedging policy.

The Company for its ECB, evaluates the foreign currency exchange rates, tenure of ECB and its fully hedged costs. The Company manages its currency risks by entering into derivatives contracts as hedge positions and the same are being governed through the Board approved Interest rate risk, Currency risk hedging policy.

The Company's exposure of foreign currency risk at the end of the reporting period expressed in ₹ are as follows:

	<u>As at</u> <u>March 31, 2023</u>	<u>As at</u> <u>March 31, 2022</u>
<b>Hedged</b>		
ECB	(34,734.44)	(32,760.00)
Derivative financial instrument*	34,734.44	32,760.00

**Unhedged**

\* represents the notional amount of the derivative financial instrument

**Hedging policy**

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.



- 40 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 March 31, 2023 and March 31, 2022 are furnished below:

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the	-	-
(d) The amount of interest due and payable for the year	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when	-	-

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.

41 Contingent Liabilities and commitments

A. Contingent liabilities:

	As at March 31, 2023	As at March 31, 2022
(a) Claims against the company not acknowledged as debt	-	-
(b) Guarantees excluding financial guarantees; and	-	-
(c) Other money for which the company is contingently liable (refer (i) below)	7,079.65	4,624.78

(i) Income Tax

- Income Tax (A.Y. 2015-16)	1,124.50	1,124.50
- Income Tax (A.Y. 2016-17)	1,978.91	1,978.91
- Income Tax (A.Y. 2017-18)	1,521.37	1,521.37
- Income Tax (A.Y. 2020-21)	1,953.49	-
- Income Tax (A.Y. 2021-22)	501.38	-
	<u>7,079.65</u>	<u>4,624.78</u>

B. Commitments

(a) Estimated amount of contracts remaining to be executed on capital account

and not provided for:

- Other Intangible Assets

(b) Uncalled liability on shares and other investments partly paid;

(c) Other commitments (specify nature).

	-	160.00
	-	-
	-	-
	<u>-</u>	<u>160.00</u>



**A) Income Tax**

**Income Tax (A.Y. 2015-16)**

During the FY 2017-18, the Company has received an Assessment order under Section 143(3) for the AY 2015-16 with a demand of ₹ 1,124.50 by taxing the receipt of share premium amount received by the Company as unexplained cash credits, expense claimed towards employee stock option scheme and disallowance of depreciation under Section 32 of the Income Tax Act, 1961.

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. However In the FY 2017-18 the Company has paid an amount of ₹ 224.90 Lakhs being 20% of the total demand and the same has been disclosed as part of Deposit under protest.

Considering the fact that, the ground of order received for AY 2015-16 is similar to order received for AY 2011-12 and AY 2014-15 for which the Company has received favourable order from CIT(A), the Company expects a favourable order to be received for AY 2015-16 also. 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.

**Income Tax (A.Y. 2016-17)**

During the FY 2018-19, the Company has received an Assessment order under Section 143(3) for the AY 2016-17 with a demand of ₹ 1,978.91 Lakhs by taxing the receipt of share premium amount received by the Company as unexplained cash credits under Section 56(2)(viiB) of the Income Tax Act, 1961.

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. However In the FY 2017-18 the Company has paid an amount of ₹ 395.78 Lakhs being 20% of the total demand and the same has been disclosed as part of Deposit under protest.

Considering the fact that, the ground of order received for AY 2016-17 is similar to order received for AY 2011-12 and AY 2014-15 for which the Company has received favourable order from CIT(A), the Company expects a favourable order to be received for AY 2015-16 also. 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.

**Income Tax (A.Y. 2017-18)**

The accounting for securitisation transaction is governed by guidelines issued by the Reserve Bank of India vide its Master Direction on Non-Banking Financial Company – Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016. Accordingly company has recorded securitization and assignment transactions during the year. At the time of regular assessment, Assessing Officer disallowed finance cost on above securitization and assignment transactions and added the same to our total income on the ground that company had made true sale of the securitized assets by derecognizing the assets from its financials and therefore there cannot be any loan or associated financial cost and raised demand of ₹ 1,424.27 Lakhs in this regard. Company had received advice from tax counsel to contest the above demand as the company's accounting of transactions is in line with RBI's extant guidelines. Assessing officer disallowed Demonetized currencies deposited to bank account subsequent to 8th Nov 2016 and added the same under Income from Other Sources as unexplained money u/s 69A of Income Tax Act on the ground that it is in contravention of SBN Cessation of Liabilities Act 2018 and SC judgement in earlier cases regarding the source of cash and had raised demand of ₹ 97.09 Lakhs in this regard. Company is advised by Tax Counsel to contest this demand on the ground that there is no specific provision in the Income Tax Act to tax the amounts received as demonetized currencies.

The company had filed appeals against both the above demands with the Commissioner of Income Tax-Appeals. Based on professional advice, the company strongly believes that the case will be decided in their favour and hence no provision has been considered. However, in the FY 2019-20, the company had paid an amount of ₹ 304.27 Lakhs, being 20% of the above total demands and the same has been disclosed as part of Deposit under Protest. 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.

**Income Tax (A.Y. 2020-21)**

During the FY 2022-23, the Company has received an Assessment order under Section 143(3) for the AY 2020-21 with demand of ₹ 2,134.39 Lakhs by disallowing expenses and ICDS adjustment aggregating to the tune of ₹ 8,413.23 Lakhs under section 41, 43B, 36(1)(va) and 36(1)(viiA) w.r.t Gratuity, leave encashment, bonus, delay in remittance of employee contribution to PF, ESI and ICDS Adjustments.

The Company has filed appeal against the demand with the Commissioner of Income Tax - Appeals. Based on the professional advice, the company strongly believe that majority of the disallowance will be decided in their favour and hence no provision has been considered except in case of bonus and ICDS Adjustments for which provision of ₹ 180.90 Lakhs is considered in the books of accounts.

**Income Tax (A.Y. 2021-22)**

During the FY 2022-23, the Company has received an Assessment order under Section 143(1) for the AY 2021-22 with demand of ₹ 557.35 Lakhs by disallowing expenses and recovery of bad and doubtful debts aggregating to the tune of ₹ 1,560.61 Lakhs under section 43B, 36(1)(va) and 41 w.r.t Gratuity, leave encashment, bonus, delay in remittance of employee contribution to PF, ESI and recovery of bad and doubtful debts etc.

The Company has filed appeal against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that majority of the disallowance and deemed income will be decided in their favour and hence no provision has been considered except for disallowance w.r.t bonus and gratuity u/s 43B for which provision amounting ₹ 55.98 Lakhs is considered in the books of accounts.



42 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-16 dt. November 10, 2014

42.1 Details of registration with financial regulators

Regulator	Registration No.
Ministry of Company Affairs	CIN:U85923TN2007PLC064550
Reserve Bank of India	N-07-00769 dated 4 October 2013

42.2 Disclosure of penalties imposed by RBI and other regulators

Regulator	Reason	Amount (In Rupees)
SEBI	Fine for ISIN-INE510Q07309 under Regulation 60(2)	11,800
SEBI	Fine for ISIN-INE510Q08364 under Regulation 67(1)	3,640

42.3 Related party transactions

Details of all material related party transactions are disclosed in Note 36.

42.4 Remuneration of directors (other than Managing Director)

Details of commission payable to directors (other than managing director) are disclosed in Note 36.

42.5 Concentration of advances, exposures and NPA's

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from ₹ 10,000 to ₹ 80,000 to women engaged in various income generating activities. As at March 31, 2023, the Company has provided loans to more than 29.01 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

42.6 Ratings assigned by credit rating agencies

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Commercial paper	Crissil A1+	Crissil A1+
Long Term Bank Facilities	Crissil AA-/Stable	CRISIL AA-/Stable
Long term Non-Convertible Debentures	Crissil AA-/Stable	CRISIL AA-/Stable BWR AA-/STABLE CARE A+; STABLE
MFI Grading	CARE MFI 1	CARE MFI 1
Subordinated Debt	Crissil AA-/Stable	CRISIL AA-/STABLE
COCA report	M1C1-SMERA	C1-SMERA
Market Linked Debentures	Crissil PPMLD AA-/Stable	CRISIL PP-MLD AA-/Stable

42.7 Sector-wise NPAs:

	As at	As at
	March 31, 2023	March 31, 2022
Agriculture & allied activities	2.34%	0.88%
MSME	3.73%	10.38%
Corporate borrowers	NA	NA
Services	7.33%	5.56%
Unsecured personal loans	23.15%	9.94%
Auto loans (commercial vehicles)	NA	NA
Other loans	2.81%	3.42%

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

	Year ended	Year ended
	March 31, 2023	March 31, 2022
Provision for income tax (excluding deferred tax)	6,318.30	1,664.62
Provision towards standard assets	(16,881.74)	1,426.03
Provision towards non performing assets*	44,250.17	39,256.21
Provision and contingencies on gratuity	693.58	640.54
Provision towards compensated absences	(151.71)	(260.19)
Provision for insurance claim receivable	(176.24)	339.47
	<b>34,062.36</b>	<b>43,066.68</b>

\*Includes amount of provision reversal for ARC

Note: Previous year figures has been restated due to change in accounting Policy



42.9 Movement of NPAs

	As at March 31, 2023	As at March 31, 2022
Net NPAs to net advances (%)	1.15%	0.32%
<b>Movement of NPAs (Gross)</b>		
(a) Opening balance	10,826.96	9,086.78
(b) Additions during the year	58,672.30	41,192.99
(c) Reductions during the year	(42,515.69)	(39,452.81)
(d) Closing balance	<u>26,883.57</u>	<u>10,826.96</u>
<b>Movement of Net NPAs</b>		
(a) Opening balance	1,954.89	18.10
(b) Additions during the year	17,930.48	1,936.57
(c) Reductions during the year	(1,466.45)	(2.78)
(d) Closing balance	<u>18,418.91</u>	<u>1,954.89</u>
<b>Movement of provisions for receivables under financing activities</b>		
(a) Opening balance	35,374.32	34,144.89
(b) Provisions made during the year	27,368.43	40,682.24
(c) Write-off / write-back of excess provisions	(37,587.84)	(39,452.81)
(d) Closing balance	<u>25,154.91</u>	<u>35,374.32</u>

Note: Previous year figures has been restated due to change in accounting Policy

42.10 Overseas assets (for those with Joint ventures and  
The Company did not have any overseas assets during

42.11 Off-balance sheet SPVs sponsored  
The Company did not sponsor any SPVs during the

42.12 During the year company has not given any advances with

42.13 Investments

	As at March 31, 2023	As at March 31, 2022
<b>Value of Investments</b>		
(i) Gross Value of Investments	20,365.47	10,713.50
(a) In India	-	-
(b) Outside India,	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments	20,365.47	10,713.50
(a) In India	-	-
(b) Outside India,	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess	-	-
(iv) Closing balance	<u>-</u>	<u>-</u>

42.14 Derivatives:

	As at March 31, 2023	As at March 31, 2022
<b>Forward Rate Agreement / Interest Rate Swap</b>	32,760.00	32,760.00
The notional principal of swap agreements	2,772.47	274.10
(Gains)/losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	-	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	2,772.47	274.10
The fair value of the swap book	-	-

Quantitative disclosures	As at March 31, 2023	As at March 31, 2022
Derivatives (notional principal amount)	32,760.00	32,760.00
For hedging	-	-
Marked to market positions	2,772.47	274.10
a) Asset (+)	-	-
b) Liability (-)	-	-
Credit exposure	-	-
Unhedged exposure	-	-



**Qualitative disclosure**

During the year ended March 31, 2023 the Company has an existing derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS). Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of profit and loss depends on the nature of the hedge relationship. During the year ended March 31, 2023 the Company has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

**Hedge accounting**

The Company makes use of derivative instruments to manage exposures to interest rate risk and foreign currency risk. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk Management objective and strategy for undertaking the hedge. The documentation includes the Company's risk Management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the Company would assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an on-going basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

During the year ended March 31, 2023 hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:

**Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability and could affect profit or loss. For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately as finance cost in the Statement of Profit and Loss. When the hedged cash flow affects the Statement of Profit and Loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the Statement of Profit and Loss.

**42.15 Capital Adequacy Ratio**

Particulars	As at March 31, 2023			As at March 31, 2022		
	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio
(a) Capital to risk-weighted assets ratio (CRAR)	1,75,310.35	8,91,815.35	19.66%	1,24,030.02	5,95,337.33	20.83%
(b) Tier I CRAR	1,44,769.77	8,91,815.35	16.23%	97,791.35	5,95,337.33	16.43%
(c) Tier II CRAR	30,540.58	8,91,815.35	3.42%	26,238.67	5,95,337.33	4.41%
(d) Liquidity Coverage Ratio	67,518.80	27,472.29	245.77%	79,430.46	9,085.80	874.23%

Note: Previous year figures has been restated due to change in accounting Policy

**42.16 Details of financing of parent company products**

The Company does not finance any parent company's products and accordingly disclosures is not required.

**42.17 Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC**

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

**42.18 Unsecured Advances**

Refer note 7(a)



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

42.19 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2023:

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings from Banks & NBFCs	3,273.7	8,542.1	10,928.04	20,693.27	52,551.63	1,10,615.24	1,45,330.94	2,68,855.65	12,446.00	-	6,33,236.62
Market Borrowings	-	3,840.0	8,333.33	4,500.00	16,560.00	650.00	15,586.67	60,716.67	20,500.00	17,500.00	1,48,186.67
Securitisation	-	6,170.7	9,220.0	13,984.8	25,117.8	25,697.0	13,852.9	59,913.7	-	-	1,53,956.96
<b>Total</b>	<b>3,273.69</b>	<b>18,552.79</b>	<b>28,481.41</b>	<b>39,178.07</b>	<b>94,229.44</b>	<b>1,36,962.28</b>	<b>1,74,770.53</b>	<b>3,89,486.02</b>	<b>32,946.00</b>	<b>17,500.00</b>	<b>9,35,380.25</b>
<b>Assets</b>											
Advances	11,327.37	11,327.37	25,891.13	59,381.11	63,725.22	1,96,449.13	3,05,986.27	3,05,446.67	380.30	14.99	9,79,909.55
Investments	-	-	-	-	-	-	-	-	-	20,365.47	20,365.47
<b>Total</b>	<b>11,327.37</b>	<b>11,327.37</b>	<b>25,891.13</b>	<b>59,381.11</b>	<b>63,725.22</b>	<b>1,96,449.13</b>	<b>3,05,986.27</b>	<b>3,05,446.67</b>	<b>380.30</b>	<b>20,380.46</b>	<b>10,00,275.02</b>

(b) Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2022:

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings from Banks & NBFCs	680.0	4,868.2	12,986.27	17,349.38	41,441.18	46,773.40	87,555.19	1,54,843.39	18,236.68	4,448.00	3,89,179.71
Market Borrowings	-	-	-	4,687.50	31,333.33	1,587.50	19,804.98	88,826.68	10,000.00	10,500.00	1,86,740.00
Securitisation	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>680.04</b>	<b>4,868.17</b>	<b>12,986.27</b>	<b>22,036.88</b>	<b>72,774.52</b>	<b>48,360.90</b>	<b>1,07,360.18</b>	<b>2,43,670.07</b>	<b>28,236.68</b>	<b>14,948.00</b>	<b>5,55,919.71</b>
<b>Assets</b>											
Advances (Micro Finance Loans)	8,761.72	8,761.72	25,812.89	33,724.59	28,078.96	97,270.10	1,58,547.41	1,84,064.93	589.96	2.20	5,43,614.50
Investments	-	-	-	-	-	-	-	-	-	10,713.50	10,713.50
<b>Total</b>	<b>8,761.72</b>	<b>8,761.72</b>	<b>25,812.89</b>	<b>33,724.59</b>	<b>28,078.96</b>	<b>97,270.10</b>	<b>1,58,547.41</b>	<b>1,84,064.93</b>	<b>589.96</b>	<b>10,713.70</b>	<b>5,54,328.00</b>



Serial Number	Type of borrower	Exposure to accounts classified as standard consequent to implementation of resolution plan-Position as at the end of previous half year i.e. Spetember 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half year	Of (A), amount written off during the half year	Of (A), amount paid by borrowers during the half year	Exposure to accounts classified as standard consequent to implementation of resolution plan-position as at the end of this half year.
1	MSME loans	162.76	80.75	-	16.75	146.01
2	Others	48,351.31	38,205.37	8,642.94	8,304.57	15,973.39
	<b>Total</b>	<b>48,514.07</b>	<b>38,286.13</b>	<b>8,642.94</b>	<b>8,321.32</b>	<b>16,119.39</b>



44 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019:

As at March 31, 2023

(i) Funding concentration based on significant counterparty (both deposits and borrowings):

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
32	7,17,707.44	Not Applicable	83.07%

As at March 31, 2022

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
30	4,85,645.89	Not Applicable	84.58%

Notes:

A "significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.  
Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines.

(ii) Top 20 large deposits (amount in lakhs and % of total deposits) - Not applicable

(iii) Top 10 borrowings

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Top 10 borrowings	4,93,304.95	52.74%	3,86,749.23	67.36%

(iv) Funding concentration based on significant instrument / product

Name of the instrument/product	As at March 31, 2023		As at March 31, 2022	
	Amount	% of total liabilities	Amount	% of total liabilities
Borrowings (other than debt securities)	6,87,360.56	79.56%	3,85,412.34	67.13%
Debt securities	1,15,847.95	13.41%	1,38,543.44	24.13%
Subordinated liabilities	39,401.05	4.56%	31,920.38	5.56%

Notes:

A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus and computed basis extant regulatory ALM guidelines

(v) Stock Ratio

Particulars	As at March 31, 2023	As at March 31, 2022
Commercial papers as a % of total liabilities	0.00%	0.00%
Commercial papers as a % of total assets	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%	0.00%
Other short-term liabilities as a % of total liabilities	2.35%	2.92%
Other short-term liabilities as a % of total assets	1.99%	2.46%

(vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business. The Board approves the governance structure, policies, strategy and the risk limits for the management of liquidity risk. The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are held at quarterly interval. Further, the Board of Directors also approves constitution of Asset Liability Committee (ALCO), which functions as the strategic decision making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board. The main objective of ALCO is to assist the Board and RMC in effective discharge of the responsibilities of asset liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to risk tolerance/limits set up by the Board. ALCO provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. ALCO meetings are held once in a month or more frequently as warranted from time to time. The minutes of ALCO meetings are placed before the RMC and the Board of Directors in its next meeting for its perusal/ approval/ ratification.



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

S.No	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<b>Liabilities:</b>				
1	<b>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
(a)	Debentures				
	- Secured	1,07,075.54	-	83,293.44	-
	- Unsecured	48,173.47	-	87,170.38	-
	(other than falling within the meaning of public deposits)				
(b)	Deferred credits		-		-
(c)	Term loans				
	- Secured	6,28,701.67	-	3,81,812.34	-
	- Unsecured	15,789.87	-	3,600.00	-
(d)	Inter-corporate loans and borrowings		-		-
(e)	Commercial paper		-		-
(f)	Finance lease obligations		-		-
(g)	Associated liabilities in respect of securitization transactions		-		-
(h)	Cash credits		-		-

S.No	Particulars	Amount Outstanding	
		As at March 31, 2023	As at March 31, 2022
	<b>Assets:</b>		
2	<b>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below]:</b>		
(a)	Secured	74,262.26	34,929.86
(b)	Unsecured	8,17,782.20	5,43,299.79
3	<b>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</b>		
(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	-	-



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

S.No	Particulars	Amount Outstanding	
		As at March 31, 2023	As at March 31, 2022
4	<b>Break-up of Investments</b>		
	<b>Current Investments</b>		
	<b>Quoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
	<b>Unquoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
	<b>Long Term Investments</b>		
	<b>Quoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	10,708.50	10,708.50
	<b>Unquoted:</b>		
(i)	Shares:		
	(a) Equity	5.00	5.00
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
(v)	Investment in Pass Through Certificates	-	-
(vi)	Others(Security Receipts in ARC and PTC)	9,504.72	-

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

S.No	Category	As at March 31, 2023 (Net of Provisions)			As at March 31, 2022 (Net of Provisions)		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same group	-	-	-	-	-	-
	(c) Other related parties	-	-	-	-	-	-
2	Other than related parties	73,881.23	7,93,008.33	8,66,889.56	34,707.92	5,08,147.40	5,42,855.32
		73,881.23	7,93,008.33	8,66,889.56	34,707.92	5,08,147.40	5,42,855.32

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) :

S.No	Category	As at March 31, 2023		As at March 31, 2022	
		Market Value / Break up Value or Fair Value or Net Asset Value	Book Value	Market Value / Break up Value or Fair Value or Net Asset Value	Book Value
1	Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	20,365.47	20,365.47	10,713.50	10,713.50
		20,365.47	20,365.47	10,713.50	10,713.50

7 Other Information

S.No	Category	As at March 31, 2023		As at March 31, 2022	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross non-performing assets	-	26,883.57	-	9,607.96
(ii)	Net non-performing assets	-	12,310.33	-	1,711.09



(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at June 30, 2022*		As at September 30, 2022*		As at December 31, 2022*		As at March 31, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
Cash and bank balances	19,489.15	19,489.15	20,151.34	20,151.34	24,073.11	24,073.11	42,908.23	42,908.23
Unencumbered fixed deposits	17,879.70	17,879.70	57,921.20	57,921.20	55,643.67	55,643.67	13,754.77	13,754.77
Investment in G sec	1,1021.63	1,1021.63	10,855.75	10,855.75	11,023.5	11,023.5	10,855.75	10,855.75
<b>Cash Outflows</b>	48,390.48	48,390.48	88,928.29	88,928.29	90,740.28	90,740.28	67,518.80	67,518.80
Unsecured Wholesale funding	-	-	-	-	-	-	-	-
Secured Wholesale funding	-	-	-	-	-	-	-	-
Additional requirements, of which	-	-	-	-	-	-	-	-
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding of debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	-	-	-	-	-	-	-	-
Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>Cash Inflows</b>	40,134.97	46,155.22	71,250.17	81,937.70	53,890.00	61,973.50	55,952.60	64,356.59
Secured lending	-	-	-	-	-	-	-	-
Inflows from fully performing exposures	43,172.93	22,379.70	47,865.81	35,899.36	47,479.25	35,609.44	49,179.61	36,884.71
Other cash inflows	43,172.93	32,379.70	47,865.81	35,899.36	47,479.25	35,609.44	49,179.61	36,884.71
<b>Liquidity coverage ratio</b>								
Particulars	As at June 30, 2022	As at September 30, 2022	As at December 31, 2022	As at March 31, 2023				
Total high quality liquid assets (a)	48,390.48	88,928.29	90,740.28	67,518.80				
Total net cash outflows (b)	13,775.52	46,036.34	26,354.05	27,472.29				
Liquidity coverage ratio (a)/(b)	351.28%	193.16%	344.18%	245.77%				

\* The inflows and outflows for the quarter ended June 30, 2022, September 30, 2022 and December 31, 2022 have been extracted from the form DNGS4 filed by the Company with the reserve bank of India.

**Qualitative disclosures**

The Reserve Bank of India has prescribed monitoring of sufficiency of NEFC's liquid assets pursuant to RBI/2019-20/68 DOR NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019. The Liquidity Coverage Ratio (LCR) is aimed at measuring and promoting short-term resilience of NEFCs to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

The ratio comprises of high quality liquid assets (HQLAs) as numerator and net cash outflows in 30 days as denominator. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by 1.15 times and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by 0.75 times.

The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended March 31, 2023 was 245.77% which is above the regulatory requirement of 60.00%.



47 RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated on September 28, 2016

(a) Current Year 2022-23

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount	Number of Instances	Amount
Embezzlement/ misappropriation of cash				
- By Employees	66	1,015.60	-	-
- By Others	-	-	3	1.37
<b>Total</b>	<b>66</b>	<b>1,015.60</b>	<b>3</b>	<b>1.37</b>

(b) Previous Year 2021-22

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount	Number of Instances	Amount
Embezzlement/ misappropriation of cash				
- By Employees	29	124.53	2	1.46
- By Others	2	2.78	14	6.75
<b>Total</b>	<b>31</b>	<b>127.31</b>	<b>16</b>	<b>8.21</b>

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

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

Net Interest Margin during the Year:

	Year ended March 31, 2023	Year ended March 31, 2022
Average Interest (a)	24.16%	20.35%
Average effective cost for borrowing Interest (b)	10.10%	10.45%
<b>Net Interest Margin (a-b)</b>	<b>14.06%</b>	<b>9.90%</b>

The Average interest represents the effective rate at which loans have been disbursed to the customers for the years ended March 31, 2023 and March 31, 2022.

The Average interest cost of borrowings of the Company for the years ended March 31, 2023 and March 31, 2022 have 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.

47.2 Undisclosed Income

There are no transactions not recorded in the books of accounts.



48 Corporate Social Responsibility (CSR)

During the year, the Company incurred an aggregate amount of Rs.200.72 Lakhs 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:

Particulars	Projects related to FY 2022-23	Projects related to FY 2021-22
(a) Gross amount required to be spent by the company during the year.	241.29	312.29
(b) Amount approved by the Board to be spent during the year	241.29	312.29
(c) Amount spent during the year on:	200.72	176.81
i) Construction / acquisition of any asset	120.34	173.65
ii) On purposes other than (i) above	80.39	3.17
(d) Reason for shortfall	Fund is allocated for ongoing Projects	Fund is allocated for ongoing Projects
(e) Details of related party transactions, e.g., contribution to a trust/ society / section 8 company controlled by the company in relation to CSR expenditure as per Accounting Standard (AS) 18, Related Party Disclosures.		
i) Trust Name	Manappuram Foundation	Manappuram Foundation
ii) Amount transferred for CSR Projects during the year	203.04	176.81
iii) Amount utilised during the year as on March 31, 2023	200.72	176.81
iv) Surplus generated for CSR fund during previous year	1.56	-
v) Unspent Amount Returned for CSR Projects during the year	2.32	NA
(f) When the amendments to Section 135(5) and 135(6) are made applicable, then the following details in the notes should also be made:		
(i) In case of S. 135(5) unspent amount		
i) Opening Balance	NA	312.29
ii) Amount deposited in Specified Fund of Sch.VII within 6 months	NA	Nil
iii) Amount required to be spent during the year	NA	176.81
iv) Amount spent during the year	NA	176.81
v) Closing Balance	NA	135.48
(ii) In case of S. 135(5) Excess amount spent		
i) Opening Balance	NA	NA
ii) Amount required to be spent during the year	NA	NA
iii) Amount spent during the year	NA	NA
iv) Closing Balance	NA	NA
(iii) In case of S. 135(6) (Ongoing Project) (to be given year-wise)		
Opening Balance- With Company	NA	NA
Opening Balance- In separate CSR unspent A/c	NA	312.29
Amount required to be spent during the year	185.11	176.81
Amount spent during the year from Company's A/c	185.11	NA
Amount spent during the year from CSR unspent A/c	NA	176.81
Closing Balance with Company	40.57	NA
Closing Balance in CSR unspent A/c	NA	135.48
(g) CSR activities as specified in Schedule VII of Companies Act, 2013	a) Promoting education b) Rural development projects and measures for reducing inequalities faced by socially and economically backward group c) Promotion of Healthcare/preventive healthcare d) Eradicating hunger, poverty and malnutrition e) Promotion of Health care and Women empowerment f) Facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; g) Disaster management, including relief, rehabilitation and reconstruction activities i) Preventive Healthcare and Sanitation	a) Promotion of Quality education b) Rural development projects and measures for reducing inequalities faced by socially and economically backward group c) Promotion of Healthcare/preventive healthcare d) Eradicating hunger, poverty and malnutrition e) Promotion of Health care and Women empowerment
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.		-136.24

Note-  
(i) Above details are related to Expenditure made during FY 2022-23 for CSR Project w.r.t FY 2021-22 and 2022-23. Further, Surplus generated in previous year (FY 2021-22) amounting to Rs.1.56 lakhs has been added in CSR Budget for Projects related to FY 2022-23.  
(ii) Unspent CSR amount as on March 31, 2023 stand at Rs. 40.57 Lakhs and the same has been transferred to separate unspent CSR account on April 26, 2023

49 Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the financial years ended March 31, 2023 and March 31, 2022.

50 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 a rate of 20% of the net profit after tax of the Company every year. Considering the Profit after tax for the year ended March 31, 2023, Rs. 4,362.62 Lakhs is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.



51 Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

Type of hedge and risks	Carrying amount of hedging instrument	Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
<b>Cash flow hedge</b>	<b>Asset</b>				
Foreign exchange forward contracts (Cross currency interest rate swaps)	2,772.47	August 27, 2023, October 13, 2023 and September 29, 2023	2,498.37	(2,198.40)	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange forward contracts (Cross currency interest rate swaps)	299.97	-	(2,198.40)	Finance Cost

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52 Employee Stock Option Scheme (ESOS), 2019

(a) The details of the Employee Stock Option Scheme 2019 are as under:

Date of share holders' approval	02-Feb-19
Number of options approved	8,30,000
Date of grant	July 1, 2019
Number of options granted	25,000
Method of settlement	Equity
Graded Vesting	30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four years from the date of grant i.e. July 1, 2023
Exercisable period	4 years from vesting date
Vesting conditions	Continuous employment /service as on relevant date of vesting and pre-determined performance parameters, if any

The Company has adopted the Employee Stock Option Scheme framed in accordance with the Section 62(1)(c) of the Companies Act 2013 read with Rules 12 of the Companies (Share Capital and Debenture) Rules, 2014 made thereunder.

The Company has granted 830,000 options at an exercise price of Rs. 364/- on July 1, 2019 which will vest over a period of four years from the grant date (30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four years from the date of grant i.e. July 1, 2023). The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

(b) The summary of the movements in options is given below:

	As at March 31, 2023	As at March 31, 2022
Options outstanding, beginning of year	2,42,500	5,12,500
Options granted during the year	-	-
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	1,50,000	2,70,000
Options Exercised during the year	-	-
<b>Options unvested and Outstanding at the End of the Year</b>	<b>92,500</b>	<b>2,42,500</b>
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	92,500	2,42,500
	<b>92,500</b>	<b>2,42,500</b>

(c) Pro-forma Disclosures for ESOS :

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, no compensation cost for ESOS 2019 has been recognized based on the fair value at the date of grant. Hence there is no impact on profit after tax and there is no dilution in earning per share.

(d) The fair value of options estimated at the date of grant using the Black-Scholes method and the assumptions used are as under

Particulars	As at July 01, 2019
Option fair value	80.93
Risk free interest rate	6.88%
Expected Life (in years)	3.00
Expected volatility	50.00%
Share price on the date of grant (face value ₹ 10 per share)	239.37



53 Trade Receivables

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Receivables considered good - Secured	600.78	38.34
(b) Receivables considered good - Unsecured;		
(c) Receivables which have significant increase in Credit Risk		
(d) Receivables - credit impaired		
Gross	600.78	38.34
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
Net	600.78	38.34

Trade receivables aging  
As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years More than 3 years	
(i) Undisputed Trade receivables — considered good	525.19	75.60	-	-	600.78
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables—considered good	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years More than 3 years	
(i) Undisputed Trade receivables — considered good	38.34	-	-	-	38.34
(ii) Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed Trade Receivables — credit impaired	-	-	-	-	-
(iv) Disputed Trade Receivables—considered good	-	-	-	-	-
(v) Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed Trade Receivables — credit impaired	-	-	-	-	-

The management expects no default in receipt of trade receivables; also there is no history of default observed by the management. Hence, no ECL has been recognised on trade receivables.

There are no dues from directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30 days.



Asirvad Micro Finance Limited  
Notes forming part of the financial statements for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

54 Trade payables

Particulars	As at	
	March 31, 2023	March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	80.23	78.23
Total	80.23	78.23

Ageing as at March 31, 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	79.86	0.37	-	-	80.23
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Ageing as at March 31, 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	78.23	-	-	-	78.23
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-



Asirvad Micro Finance Limited  
Notes forming part of the financial statements for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

55 Capital-Work-in-Progress (CWIP) and Intangible assets under development ageing as on March 31, 2023

Particulars	Out standing for the following periods from the due date of payment			Total
	Less than 1 year	1-2 years	2-3 years	
Capital-Work-in-Progress (CWIP)	-	-	-	-
Intangible assets under development	-	-	-	-

B For Capital Work in Progress and Intangible assets under development, there is no transaction whose completion is overdue or has exceeded its cost compared to its original plan

56 Details of Benami Property held  
No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder in the financial years ended March 31, 2023 and March 31, 2022.

57 Willful Defaulter  
The Company has not been declared as a willful defaulter by any bank or financial institution or other lender in the financial years ended March 31, 2023 and March 31, 2022.

58 Relationship with Struck off Companies  
Transactions with companies whose names have been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 in the financial year ended March 31, 2023 and March 31, 2022 are given below:

Name of the struck off company	Balance outstanding as at		Relationship with the struckoff company
	March 31, 2023	March 31, 2022	
Receivables (Loans outstanding)	-	-	-
Payables (Borrowings outstanding)	-	-	-
Payables (Trade Creditors)	-	-	-
Shares held by struck off company	-	-	-

In the financial year ended March 31, 2023 the Company has not conducted any transaction with Struck off companies and in financial year ended March 31, 2022 the company has conducted transaction of value Rs.0.43 lakhs with the Nutech Solutions (Trade Creditor), being the company whose name has been struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956. The Company has not allotted any Equity share to the said company.



59 **Registration of charges or satisfaction with Registrar of Companies (ROC)**  
 All charges or satisfaction are registered with ROC within the statutory period for the financial years ended March 31, 2023. Except for few instances where delay was due to technical issues in MCA site. For these cases, charges were created with in the extended timeline given by MCA.

60 **Compliance with number of layers of companies**  
 Not Applicable

61 **Utilisation of Borrowed funds and share premium**  
 During the financial year ended March 31, 2023, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i) No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

62 **Title deeds of immovable Properties not held in name of the Company**  
 The Company does not possess any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) whose title deeds are not held in the name of the Company during the financial year ended March 31, 2023 and March 31, 2022.

63 **Details of stressed loans transferred and investment made in Security Receipts during the year ended March 31, 2023 to ARCs:**

Particulars	Amount
(i) No of Accounts	2,75,093
(ii) Aggregate principal outstanding of loans transferred	32,210
(iii) Weighted average residual tenure of the loans transferred (Months)	5.63
(iv) Net book value of loans transferred (At the time of transfer)	10,594
(v) Aggregate consideration	10,630
(vi) Additional consideration realised in respect of accounts transferred in earlier years	-
(vii) Investment in Security Receipts (SR) #	9,243

#SRs currency not rated, to be rated within timelines as per RBI guidelines.



During the quarter ended June 30, 2022, the Company started recognizing the revenue on the gross credit impaired portfolio net off provision harmonious with the requirements of IND AS 109 which was being recognized on actual receipt basis till March 31, 2022, thereby aligning its accounting policy of recognition of revenue on credit impaired portfolio (Stage 3 portfolio) with the parent entity's accounting policy. Accordingly, as per para 14 (b) of INDAS 8, the Company has retrospectively changed the policy to reflect the above changes in the financial results, thereby providing reliable and more relevant information about the Company's financial position, financial performance or cash flows. The impact of such change is as under:

Financial line item	As at and for the year ended March 31, 2023 (Increase / (decrease))	As at and for the year ended March 31, 2022 (Increase / (decrease))
Interest Income	2,728.83	1,219.00
Impairment of financial instruments	1,348.93	675.20
Tax Expense	346.79	61.36
<b>Profit after Tax for the year</b>	<b>1,031.11</b>	<b>162.44</b>
Loans	1,377.90	243.80
Current tax assets (net)	(652.00)	(291.30)
Deferred tax assets (net)	305.21	230.14
Other Equity	1,031.11	162.44
<b>Earnings per share (in Rs.) (Face value of Rs. 10 per equity share)</b>		
- Basic	1.64	0.34
- Diluted	1.64	0.34

Note: Opening balance sheet as on April 01, 2021 is not restated as there is no impact due to change in accounting policy

#### 65 Disclosure Pursuant to Reserve Bank of India Notification DOR.LACC.REC.No.20/21.04.018/2022-23 dt. April 19, 2022

##### 65.1 Exposure to Real Estate Sector

Category	3,660.77	4,872.91
a) Direct exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied	3,660.77	4,872.91
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail	87.43	
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised		
a. Residential		
b. Commercial Real Estate		
<b>Total Exposure to Real Estate Sector</b>	<b>3,748.20</b>	<b>4,872.91</b>



65.2 Exposure to capital market

The Company does not have any exposure to Capital market as at March 31, 2023 and March 31, 2022.

65.3 Customer complaints

Particulars	As at		Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of previous, number of complaints pending beyond 30 days
	March 31, 2023	March 31, 2022					
<b>Complaints received by the NBFC from its customers</b>							
No. of complaints pending as at beginning of the year	1,144	340					
No. of complaints received during the year	3,507	3,435					
No. of complaints disposed during the year	4,532	2,631					
Of which, number of complaints rejected by the NBFC	NIL	NIL					
No. of complaints pending as at end of the year	119	1,144					
by the NBFC from Office of Ombudsman	NIL	NIL					
favour of the NBFC by Office of conciliation/mediation/advisories issued by passing of Awards by Office of Ombudsman	NIL	NIL					
the stipulated time (other than those	NIL	NIL					
	NIL	NIL					
<b>Grounds of complaints, (i.e. complaints relating to)</b>	<b>Number of complaints pending at the beginning of the year</b>	<b>Number of complaints received during the year</b>	<b>% increase/ decrease in the number of complaints received over the previous year</b>	<b>Number of complaints pending at the end of the year</b>	<b>Of previous, number of complaints pending beyond 30 days</b>		
Insurance related	508	1,718	39.33%	34	5		
Collection related	195	954	-1.55%	36	14		
Loan Related	33	274	-50.81%	1	1		
Staff Related	12	212	1.44%	-	-		
CIBIL related	79	167	N/A	-	-		
Others	317	182	-29.73%	48	2		
<b>Total</b>	<b>1,144</b>	<b>3,507</b>		<b>119</b>	<b>22</b>		
<b>Previous Year</b>							
Insurance Related	43	1,233	299.03%	508	367		
Collection Related	6	969	572.92%	195	86		
Loan Related	10	557	76.83%	33	17		
Staff Related	-	209	84.96%	12	6		
Service Related	2	208	220.00%	25	8		
Others	279	259	12.81%	371	21		
<b>Total</b>	<b>340</b>	<b>3,435</b>		<b>1,144</b>	<b>505</b>		



65.4 Intra Group Exposures

There is no intra group exposures for the company

65.5 Sectoral Exposure

Sectors	Current Year		Previous Year		Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)			
1. Agriculture and Allied Activities							
i) Agriculture-Animal Husbandry	48,230.93	1,003.72		37,895.44	2.08%	1,033.81	2.73%
ii) Agriculture-Dairy	70,247.50	4,631.95		99,054.30	6.59%	4,216.16	4.26%
iii) Agriculture-Crops	5,57,438.22	9,757.84		2,78,000.05	1.75%	1,061.55	0.38%
iv) Agriculture - Others	16,650.43	809.30		22,677.46	4.86%	710.44	3.13%
Total (i+ii+iii+iv)	6,92,567.08	16,202.81		4,37,627.26	2.34%	7,021.96	1.60%
2. Industry							
i) Textile	25,800.11	877.23		14,952.92	3.40%	721.54	4.85%
ii) Others	28,257.70	1,196.02		18,352.43	4.23%	501.20	2.73%
Total (i+ii)	54,057.80	2,073.25		33,305.35	3.84%	1,222.74	3.67%
3. Services							
i) Trade	91,191.10	5,615.70		74,436.01	6.16%	4,163.48	5.59%
ii) Others	53,313.88	3,493.84		48,359.95	6.55%	2,624.16	5.43%
Total (i+ii)	1,44,504.98	9,109.54		1,22,795.95	6.30%	6,787.63	5.53%
4. Personal Loans							
i) Loan Against Gold Jewellery	70,532.01	488.52		30,056.95	0.71%	15.89	0.05%
ii) Product Loan	35,478.82	9,763.72		72,777.84	27.49%	7,579.71	10.41%
iii) Others	6,946.97	67.45		3,654.97	0.97%	20.53	0.56%
Total (i+ii+iii)	1,12,959.81	10,319.69		1,06,489.75	9.14%	7,616.13	7.15%



