



Annual
14th
Report



14th
Annual Report
2020-21



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FOREWORD



TESTED FOR RESILIENCE...

Over just the past decade, the Company has weathered the Andhra Pradesh crisis of 2010, the government's demonetization drive of 2016 and the Non-Banking Financial Company meltdown of 2018 apart from numerous natural calamities like Tamil Nadu/Odisha cyclones, Kerala/ Bihar floods.

When a crisis hits the financial system or economy at large, the microfinance sector is usually among the worst impacted since it caters to the most economically vulnerable segments of the country. Nevertheless, we have survived these tests and grown to become stronger after each crisis, on the back of the lessons it has learned. These and other learnings have come in handy during the COVID-19 pandemic that has ravaged the country, along with so much of the world. The Corona Consequences and handling it in the most professional, humane and appropriate manner has been the focal point of the Financial Year (FY) 2021.

The Company's strategic decisions which resulted in a positive AUM growth of approximately Rs. 500 Crores is reflective of the calculated growth vision, even in such unprecedented times.

While the Company transitioned to remote and safe working environment for its employees, we were also conscious of customers' wellbeing. We adhered to the industry code of conduct set by Self-Regulatory Organisations requiring fair interaction, suitability, transparency and addressing customer grievances.

During this year, where the need for technology was most felt, the Company also started transitioning to a new, ingenious Loan Management System which will enable seamless operations of the Company.

The Company has also ventured into Gold Loans during the year, with the intention of diversifying portfolio and to provide its customers, an additional avenue.

We have also grown our MSME lending segment from an AUM of Rs.13.6 Crores in FY 2020 to Rs. 40.34 Crores in FY 2021.

The Company has witnessed the most unexpected year 2021, just like the entire world and yet we have grown, diversified and upgraded. Business Resilience during the year is the indication of our long-term commitment to elevate members at the bottom of the pyramid.

The Company will continue to depend on its resilient foundations, built in response to challenges it has learned to overcome through its experiences.



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CORPORATE INFORMATION



1. COMPANY	Asirvad Micro Finance Limited
2. CORPORATE IDENTIFICATION NUMBER	U65923TN2007PLC064550
3. REGISTERED OFFICE	1st Floor, Desabandhu Plaza, 47, Whites Road, Royapettah, Chennai - 600 014 Ph: +91- (44) 43510081
4. CORPORATE OFFICE	9th & 10th Floor, 9, Club House Road, Anna Salai, Royapettah, Chennai - 600 002 Ph: +91- (44) 4212 4493
5. MANAGING DIRECTOR	Mr. S V Raja Vaidyanathan
6. JOINT MANAGING DIRECTOR	Mr. B N Raveendra Babu
7. CHIEF OPERATING OFFICER	Mr. Ravindra Goud
8. CHIEF FINANCIAL OFFICER	Mr. Yogesh Udhoji
9. CHIEF TECHNOLOGY OFFICER	Dr. Adinadh K R
10. CHIEF HUMAN RESOURCES OFFICER	Mr. Bikram Mishra
11. HEAD - INTERNAL AUDIT	Mr. B B Vasudeva Rao
12. CHIEF RISK OFFICER	Mr. Robert K P
13. COMPANY SECRETARY	Ms. Aparna Menon
14. STATUTORY AUDITORS	Walker Chandiok & Co. LLP, Chartered Accountants (Firm Registration No.001076N/N500013) 7th Floor, Prestige Polygon, 471, Anna Salai, Teynampet, Chennai - 600 018
15. SECRETARIAL AUDITORS	KSR & Co., Company Secretaries LLP Indus Chambers, No.101, Govt. Arts College Road, Coimbatore - 641 018
16. REGISTRARS & TRANSFER AGENTS	S.K.D.C. Consultants Limited "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028 (Tamil Nadu) Phone: 0422 4958995, 2539835 / 836 Fax : 0422 2539837 Email: info@skdc-consultants.com
17. DEBENTURE TRUSTEES	Catalyst Trusteeship Limited (Erstwhile GDA Trusteeship Limited) Office No- 604, 6th Floor, Windsor, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098
	IDBI Trusteeship Services Limited Ground Floor, Asian Building, 17, R. Kamani, Marg, Ballard Estate, Mumbai - 400 001



LIST OF LENDERS

Development Finance Institutions
NABARD
SIDBI
PSU Banks
Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Indian Bank
Punjab & Sind Bank
Punjab National Bank
State Bank of India
Union Bank of India
Private Sector Banks
Axis Bank
Bandhan Bank
Catholic Syrian Bank
DCB Bank
Equitas Small Finance Bank
Federal Bank
HDFC bank
ICICI Bank
IDBI
Kotak Mahindra Bank
Lakshmi Vilas Bank
RBL Bank Ltd
South Indian Bank
YES Bank Ltd.
Karnataka Bank

Foreign Banks
CTBC Bank
HSBC Bank
SBM Bank (India) Limited
SMBC
Standard Chartered Bank
Woori Bank
NBFCs
Caspian Investments
A K Capital
Aditya Birla Finance Ltd
Anand Rathi Global Finance Limited
Bajaj Finance Ltd
Credit Suisse Securities (India) Private Limited
Hero Fincorp Ltd
Hinduja Laylond Finance Ltd
Karvy Capital
Nabkisan Finance Ltd
Nabsamruddhi Finance Ltd
Northern Arc
Reliance Home Finance Ltd
Royal Sundaram General Ins. Co. Ltd
TATA Capital Ltd
Foreign Institutional Investors
Blue Orchard
CDC Group
ResponsAbility
WaterCredit Investment Fund 3, LP
IIV Impact Investing Funds-DKM MicroFinzfond

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BOARD AND ITS COMMITTEES



Board of Directors

Mr. V P Nandakumar	- Chairman
Mr. Abhijit Sen	- Independent Director
Mr. A Ramanathan	- Independent Director
Mr. B N Raveendra Babu	- Joint Managing Director
Mr. D R Dogra	- Independent Director
Mr. Gautam Saigal	- Director
Ms. Pushya Sitaraman	- Independent Director
Mr. S K Mitra	- Independent Director
Mr. S V Raja Vaidyanathan	- Managing Director
Mr. T Balakrishnan	- Independent Director
Mr. T M Manoharan	- Independent Director

Nomination & Remuneration Committee

Mr. T Balakrishnan	- Chairman
Mr. A Ramanathan	- Member
Mr. Gautam Saigal	- Member
Ms. Pushya Sitaraman	- Member

Borrowing and Securities Allotment Committee

Mr. S V Raja Vaidyanathan	- Chairman
Mr. A Ramanathan	- Member
Mr. B N Raveendra Babu	- Member
Mr. V P Nandakumar	- Member

Risk Management Committee

Mr. Gautam Saigal	- Chairman
Mr. Abhijit Sen	- Member
Mr. B N Raveendra Babu	- Member
Mr. D R Dogra	- Member
Mr. Robert K P (CRO)	- Member cum Secretary
Mr. S V Raja Vaidyanathan	- Member
Mr. T M Manoharan	- Member

Management Committee

Mr. Abijith Sen	- Chairman
Mr. A Ramanathan	- Member
Mr. B N Raveendra Babu	- Member
Mr. D R Dogra	- Member
Mr. Gautam Saigal	- Member
Mr. S V Raja Vaidyanathan	- Member

Audit Committee

Mr. D R Dogra	- Chairman
Mr. Abijith Sen	- Member
Mr. A Ramanathan	- Member
Mr. Gautam Saigal	- Member
Ms. Pushya Sitaraman	- Member
Mr. T Balakrishnan	- Member

Corporate Social Responsibility Committee

Ms. Pushya Sitaraman	- Chairperson
Mr. B N Raveendra Babu	- Member
Mr. S V Raja Vaidyanathan	- Member
Mr. A Ramanathan	- Member

Asset Liability Committee

Mr. S V Raja Vaidyanathan	- Chairman
Mr. B N Raveendra Babu	- Member
Mr. Ravindra Goud (COO)	- Member
Mr. Yogesh Udhoji (CFO)	- Member & Secretary

IT Strategy Committee

Mr. S K Mitra	- Chairman
Mr. A Ramanathan	- Member
Mr. B N Raveendra Babu	- Member
Mr. S V Raja Vaidyanathan	- Member
Dr. Adinadh K R	- CTO

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DIRECTORS PROFILE



DIRECTORS PROFILE

V P NANDAKUMAR



Mr. V.P. Nandakumar is the MD & CEO of Manappuram Finance Ltd., one of India's leading non-banking financial companies (NBFC) and the pioneer of the institutionalised model of the gold loans business. Mr. Nandakumar took over the reins of a single branch family business in 1986, and over the next three decades presided over its growth and transformation into a financial sector powerhouse. His vision, values and leadership were instrumental in scripting this story that today touches millions of lives in India.

Manappuram's origins go back to 1949 when it was founded by the late V.C. Padmanabhan, father of Mr. Nandakumar. In those days, the firm was into money lending, and pawn broking carried out on a modest scale at Valapad, a backward coastal village in Thrissur district of Kerala. After taking over in 1986 (the year his father expired), Mr. Nandakumar soon set about expanding the business in line with his ambitions and vision.

In 1992, he incorporated Manappuram Finance Ltd., and within three years (in 1995) managed to get the company listed on the Bombay Stock Exchange. Since then, he has led from the front to transform Manappuram Finance Ltd. into a leading NBFC present across India with 4,637 branches in 28 states and UTs, with Assets under management (AUM) of about ₹27,224 crore, (nearly US\$ 4 billion) and a workforce of over 30,000.

In recent years, Mr. Nandakumar has resolutely steered the company's diversification into microfinance, home loans, vehicle finance, SME and personal lending to reshape the company into a full-spectrum NBFC. Today, about 30 per cent of the company's total business comes from the non-gold side.

Mr. Nandakumar's achievements in business have earned him national recognition. On May 26, 2018, a special issue of the Business World magazine profiled him as one among 40 of India's most valuable CEOs. Besides, Manappuram Finance Ltd. has emerged as one of the leading wealth creators in the Indian stock market. In December 2019, the Economic Times newspaper published the ET500 list of Top Wealth Creators of 2019 with Manappuram Finance Ltd. as the chart topper.

Other than the focus on business, the cause of the wider community is central to his vision. He established the Manappuram Foundation at Valapad in 2009 to drive the corporate social responsibility (CSR) programme of the Manappuram group, even before the Companies Act made it mandatory. Today, the Manappuram Foundation oversees a wide range of projects in education, health care, and overall development of the rural communities.

Mr. V.P. Nandakumar was born in 1954, holds a post-graduate degree in science and additional qualifications in Banking and Foreign Trade. He is a managing committee member of leading trade and industry associations such as FICCI, Assocham and FIDC. In January 2019, he was appointed to the Board of Governors of the Indian Institute of Management, Kozhikode. In July 2019, he was elected as an International Director of the Association of Lions Clubs International at its Milan (Italy) convention.

S V RAJA VAIDYANATHAN



B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI, ACS and has more than 40 years of experience in the field of Financial Services, Infrastructure, Media, Telecom & Retail sectors. He is the founder of the Company and has been actively involved in building Asirvad for the last decade and a half initially as Chairman and MD and last 11 years as MD of the company.

B N RAVEENDRA BABU



Master's Degree in Commerce from the Calicut University and completed his intern from the Institute of Certified Management Accountants. He held senior positions in Finance and Accounts in various organizations in the Middle East. Further, he has been on the Board of Manappuram Finance Limited since 1992. He is currently the Managing Director of the Company.

GAUTAM SAIGAL



He is a qualified Chartered Accountant and a postgraduate in Commerce from the Calcutta University. Mr Gautam Saigal is the founding partner of Pachira Financial Services LLP. He has over 24 years of experience in financial services covering private equity investment, investment banking and advisory services.

Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK. Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India private equity advisory practice. Gautam has been a member of the Board of team and Board Committees in several companies including in Financial services, Telecom, Energy distribution, Healthcare, IT services, Consumer products, logistics, Infrastructure etc.

A RAMANATHAN



He retired as a Chief General Manager from NABARD in Micro Credit innovations Department. He is an expert in Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, Training need assessment, Training techniques, etc. He has more than 35 yrs of rich experience in the banking industry.



D R DOGRA

Former Managing Director & CEO of CARE Ratings. Have around 39 years of experience in the financial sector in the areas of banking and credit rating. He has expertise in product conception and development across all sectors including Manufacturing, Infrastructure, Finance, and SME among others. Have maintained a high growth trajectory after taking over as acting Managing Director and made CARE the second largest rating agency.



T BALAKRISHNAN

A former member of Indian Administrative Service Mr Balakrishnan retired as Additional Chief Secretary, Industries and IT Departments Kerala. He has rich experience in various fields including Public Administration, Regulations, Industry, Tourism, Infrastructure, IT and Local Self Government. He has worked in TN, Kerala, Delhi and New York in his long career. He has served in more than 40 Boards including State PSUs, Central PSUs, Statutory Boards and reputed Private Sector Companies, as Director. He has attended several National and International Conferences, Training Programs and Seminars.



T M MANOHARAN

Is a retired officer of Indian Forest Service (IFS). He was Principal Chief Conservator of Forests and Head of Forest Forces, Kerala, and Chairman of Kerala State Electricity Board as well as Kerala State Electricity Regulatory Commission. He holds a Masters Degree in Chemistry and Sociology and is also a law graduate.



PUSHYA SITARAMAN

is a Law graduate from Madras Law College and holds a Bachelor's degree in Arts from Stella Maris College. She is a designated Senior Advocate of the Madras High Court and has been practising as an advocate for over 35 years, specializing in the field of taxation and corporate laws.



ABHIJIT SEN

He retired as Chief Financial Officer- Citi Bank, India Subcontinent in 2015 after serving the organization for almost 20 years. Post Retirement, he is associated with a big four firm as an External Advisor, for their activities in the Banking and Financial Services Sector. He serves on several Boards including Kalyani Forge Limited, U Gro Capital, Ujjivan Micro-Finance Limited and Cashpor Microcredit. He also chairs the Audit Committee of reputed organizations. In the past, he was on the Board of National Securities Depository Limited (NSDL). He has a B.Tech (Hons) degree from the IIT, a PGDM from the IIM, Kolkata with majors in Finance & Information System.

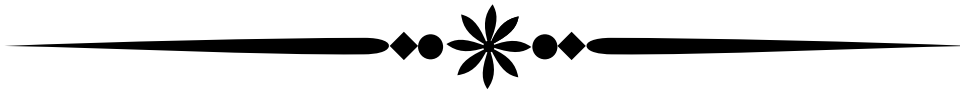


SUBRATA KUMAR ATINDRA MITRA

In the year 1977, Mr. S.K Mitra started his career with Bank of India and played a vital role in setting up the Merchant Banking Division of the Bank. During the period from 1978 to 1984, he worked for Standard Chartered Bank in investment banking and was advisor for several domestic and international business houses for new projects and acquisitions.

Later, in year 1985, Mr. Mitra joined American Express Bank and was the head of Corporate Banking and Investment Banking in India. He also worked for the GIC Mutual Fund, Aditya Birla Group. He joined Aditya Birla Group in 1994 as Director, Financial Services and set up a wide range of successful ventures.

Served as Independent Director on the Board and Committees of several reputed organization. Currently, he is India Correspondent for Asia Asset Management, Hong Kong. Continues to be an Advisor to a large international bank. Has been advisor to a few PE firms and Start Up firms. Have also been a nominee director on Board of companies on behalf of PE firms. Continues to be associated with several international and domestic NGOs and business chambers in India. He is a founding Governing Council Member of the newly registered Association of Corporate Independent Directors (ACIND).



**“Our greatest glory is not in never falling, but
in rising every time we fall.”**

- Confucious



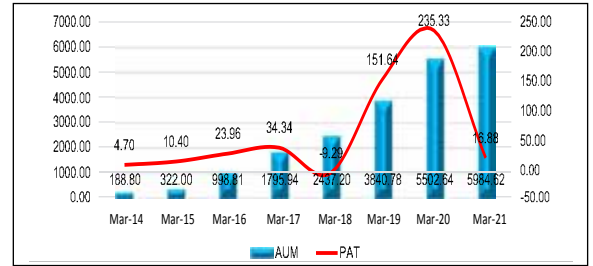
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**THE ASIRVAD
JOURNEY**



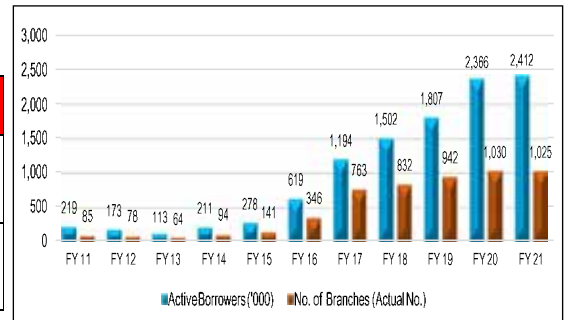
PORTFOLIO & PROFITABILITY GROWTH

Particulars (Rs. in Crores)	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16	Mar-15	Mar-14
PAT	16.88	235.33	151.64	-9.29	34.34	23.96	10.40	4.70
AUM	5,984.62	5,502.64	3,840.78	2,437.2	1,795.94	9,98.81	322	188.8



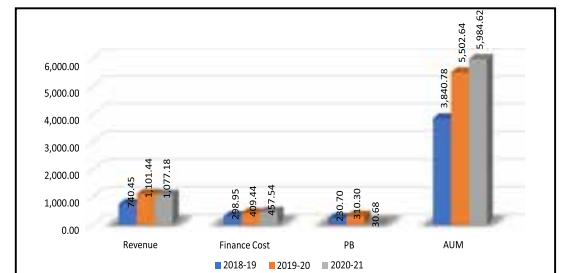
OPERATIONAL METRICS

Financial Year	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21
Active Borrowers ('000)	219	173	113	211	278	619	1,194	1,502	1,807	2,366	2,412
No. of Branches (Actual No.)	85	78	64	94	141	346	763	832	942	1,030	1,025



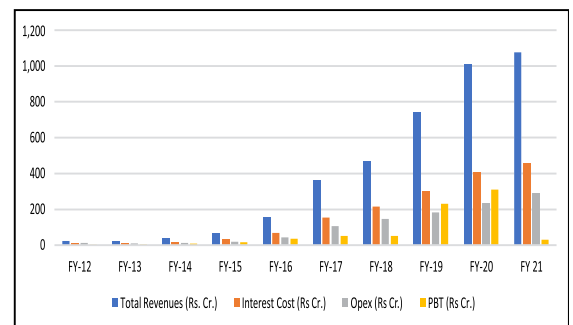
FINANCIAL HIGHLIGHTS

Finance (Rs. in Crores)	Revenue	Finance Cost	PB	AUM
2018-19	740.45	298.95	230.70	3,840.78
2019-20	1,101.44	409.44	310.30	5502.64
2020-21	1,077.18	457.54	30.68	5,984.62



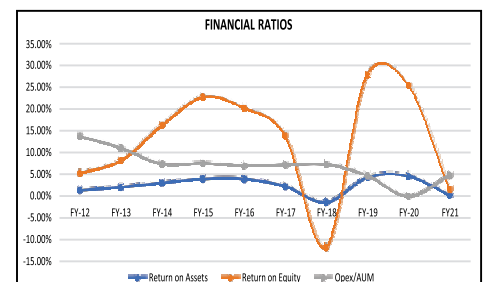
FINANCIAL SNAPSHOT

	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Total Revenues (Rs. Cr.)	24	20	37	67	156	364	468	740	1,011	1,077
Interest Cost (Rs Cr.)	9	9	19	33	68	154	214	299	409	458
Opex (Rs Cr.)	13	9	12	19	43	105	146	182	234	289
PBT (Rs Cr.)	2	3	7	16	36	52	50	231	310	31



FINANCIAL RATIOS

	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Return on Assets	1.40%	2.10%	3.10%	4%	4%	2.30%	-1.40%	4.36%	4.63%	0.29%
Return on Equity	5.30%	8.20%	16.30%	22.80%	20.30%	13.90%	11.70%	27.92%	25.52%	1.61%
Opex/AUM	13.80%	11.10%	7.40%	7.60%	7%	7.20%	7.30%	4.75%	4.26%	4.83%



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LETTER FROM CHAIRMAN



VP Nandakumar

Chairman

Dear Shareowners,

It is my pleasure to present to you, our 14th Annual Report for the year ended March 31, 2021. I am pleased to announce that Asirvad Micro Finance Ltd has delivered an industry-leading performance even in such adverse conditions to end the year with profitable growth. In the past six years, your Company has reported an AUM growth of 18.6 times, from ₹3,220 million in FY14-15 to ₹ 59,846 million in FY20-21. India's Microfinance sector too has done well during this period, with AUM growing from ₹400 billion in FY15 to almost ₹2.59 trillion in FY21. Based on current trends and prospects, we are confident of continuing our industry outperformance in the foreseeable future as well.



Economic Outlook

The rise in daily new cases since mid of February 2021 marked the onset of the second wave of COVID infection in India. Despite the surge in cases, the recovery in the economy is resilient with sustained improvement in a majority of high-frequency indicators. The agricultural sector remains the bright spot of the economy with food grains production touching 303.3 million tonnes in 2020-21 beating record production levels for the fifth consecutive year in a row. MGNREGS has acted as a cushion for the rural economy by generating all-time high employment of 383.8 crore person days during 2020-21, 44.7% higher compared to the previous year.

On the positive side, strengthening demand conditions can be seen in automobile, telecom and power consumptions. Monthly GST collections reached record high in recent months. The growth momentum in rail freight traffic remains high, port cargo traffic and domestic transport picked up further. The digital payment upsurge continues, powered by the resumption of economic activity, financial inclusion and behavioural shift towards digital payments.

Domestic equity markets recovered in FY21 to register a jump of 71% and 68% in Nifty-50 and Sensex respectively. The recovery was supported by stimulus measures announced by the Government, RBI's liquidity measures and record investments by FPIs. FY 2020-21 witnessed a record FPI inflow of US\$ 36.2 billion, the highest in a decade after 2014-15. India's foreign exchange reserves reached US\$ 582.27 billion— an increase of US\$ 142.6 billion over FY20. The Central Government raised ₹13.7 lakh crore as gross market borrowings during FY21 at a weighted average borrowing cost of 5.79%, the lowest in 17 years.

India's GDP is estimated to contract by about 7.7% in FY21, compared to 4.2% growth in FY20, on account of the impact of the COVID-19 pandemic. S&P Global Ratings cut India's growth forecast for FY22 to 9.5% from 11% earlier. The severe second wave that led to local lockdowns in April and May reduced economic activity sharply. S&P expects that damage to private and public sector balance sheets will constrain growth over the next couple of years. For the next fiscal ending March 31, 2023, S&P projects India's growth at 7.8%.

Outlook for Non-Banking Financial Companies (NBFCs)

Fitch Ratings expects India's NBFC would face renewed asset quality and liquidity risks as the second wave of coronavirus infections could delay recovery. A hit to the collection efficiency of NBFC-MFIs owing to protracted Covid-19 curbs will increase asset-quality pressures in the sector, with loans in arrears for over 30 days likely to cross the surge in the aftermath of demonetisation.

With loans in arrears for over 30 days – or the 30+ portfolio at risk (PAR) mounting, the MFI sector is expected to resort to restructuring of loans to a larger extent than last fiscal as this is perhaps the only practical option to support borrowers and not let accounts slip into the non-performing bucket, the credit rating agency said in a note. Challenges are likely to increase if recent restrictions to contain the pandemic are expanded or prolonged, leading to greater economic and operational disruption. SMEs, commercial vehicle operators, microfinance customers and other wholesale borrowers remain at greater risk of stress in this environment, particularly as financial buffers would have narrowed after the severe economic shock over the past year. The production and supply chains remain susceptible to labour shortages if the large-scale urban-to-rural labour migration of 2020 recurs.

Outlook for Microfinance Institutions (MFIs)

The microfinance industry's gross loan portfolio (GLP) grew 10.1% to ₹2.32 trillion as of December 31, 2020, according to Microfinance Institutions Network (MFIN). During the December quarter, the disbursement de-grew 3.86% YoY, and a growth of 90.4% QoQ. Five top states in terms of loan amount outstanding for MFIN members are Tamil Nadu, Karnataka, Bihar, Maharashtra and Odisha. They account for 51% of GLP and the top 10 states account for 82% of total outstanding.

It is heartening to see that the green shoots seen at the end of Q2 have proved to be real and sector disbursements are reaching almost at pre-COVID-19 levels backed by increased demand for loans to restart livelihoods. The disbursements during Q3FY21 was 96% of Q3 FY20, set to reach normal levels by end of fiscal 2021. India Ratings and Research maintained a "stable" outlook on large non-bank microfinance institutions/MFIs (with AUM of more than ₹500 billion) for FY22.

The Reserve Bank of India aims to bring regulatory parity among all microlending institutions and has floated a discussion paper. Currently only the registered NBFC-MFIs are following sector specific rules, RBI aims to curtail regulatory arbitrage enjoyed by other micro lenders. Overall, the proposals are beneficial for the development of the microfinance sector. Removal of pricing cap would allow low-cost lenders, like Asirvad to gain larger market share, while maintaining its profitability.

Performance of the Company

Your company was able to maintain its profitability despite the sharp slowdown after the national wide lockdown at the start of the fiscal. Asirvad is ranked as the 4th largest NBFC MFI in India (source: MFIN Micrometer). The Company has a network of 1,062 branches across 24 States with a presence in 326 districts and 2,25,494 centres. Its policy of continuous re-assessment of concentration risk and diversification helped in controlling the credit costs during the pandemic and hence maintain its profitability. During the year, the Company passed on the benefit of the lower interest rate charged by its lending banks and Financial Institutions by reducing the rate of interest charged to its customers from 21.30% to 20.67 % per annum.

Asirvad's AUM grew by 8.76% from ₹55,026 million in FY20 to ₹59,846 million in FY21, active loan accounts increased by 2.12% to 2.41 million from 2.36 million last year. A total of 3.77 million loan accounts were disbursed during the financial year, and these loans have a repayment rate of 94.05% after the moratorium. The Company's operational revenue declined by 0.20% to ₹10,530 million for FY21 compared with ₹10,551 million for FY20.

Provisions stood at ₹3,414 million including the standard provision of ₹1,662 million made for FY21 as per the company's policy. We are now servicing over 2.41 million customers in 24 states. Your Company has forayed into lending for MSME enterprises against the security of property having started operations in 15 branches across Andhra Pradesh, Karnataka, Telangana and Tamil Nadu. The Company's MSME loan book at the end of the year stood at ₹403 million. The company also started gold loan services on a moderate scale in 23 branches and the loan book at the end of the year stood at ₹25 million.



Thank You !

I am grateful to all our shareholders and other stakeholders for the support extended to the company over the years. We remain indebted to the Reserve Bank of India and NABARD for the support given to the industry over the years. I would also like to take this opportunity to commend Mr Raja Vaidyanathan, Managing Director, Mr B N Raveendra Babu, Joint Managing Director and other management teams for having led the company from strength to strength. Notwithstanding the current phase of stress, we look forward to a year of growth and profitability to set the benchmark for the industry.

With best wishes,

V P Nandakumar
Chairman



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LETTER FROM MANAGING DIRECTOR



SV Raja Vaidyanathan
Managing Director

After nearly 15 years of meeting you over these messages annually, this is my last one.

For the first 6 years as Chairman and then as MD I have been sharing my views on the Company, Industry and the country. Let me take you back down the memory lane.

I still remember that day in 2006, when I was reading a very interesting article on the Microfinance Industry of Latin America. Though there were a few Micro Finance Institutions in our country they were low profile and concentrated in one state. After an in depth study of the industry I decided that this was my calling. With considerable experience in Finance and the prospect of giving back something to society at large there was no looking back.

In Tamil, Asirvad means “Divine Blessings from God / Saint/ Elders”. I wanted the Company to be a blessing, so Asirvad was born. Our logo was inspired from Sri Satya Baba’s blessing stance. The Company pledged itself to be guided by the principles of integrity, professionalism and business ethics in all its activities with utmost transparency.

The Mission was to organise groups of committed poor women and provide them financial assistance in a sustainable manner, with a view to eradicate poverty, through viable income generation activities. The Vision was to empower at least 1 million women by 2015.

And where are we now?

We are present in 23 states in India with a women power of around 2.5 Million.

This was not an easy road to travel.

The first major crisis the Company faced was when AP decided to take control of MFIs in the state. This had a major implication and RBI was forced to declare itself as the sole regulator and formed a separate category of NBFC – MFI. Malegaon Committee recommendations ushered in lot more discipline in the industry and the credit bureaus made sure that the high way for growth will be laid. The team at Asirvad faced this period remarkably well when many smaller companies folded. We grew, albeit slowly but definitely profitably. Our PE partner Lok capital had considerable faith in us and brought the much required second tranche of capital.

The major transformation happened in 2015. Manappuram in its quest for diversification identified Asirvad for acquisition and it was a win-win for both of us. Asirvad wanted capital for growth which Manappuram had in plenty. We had the talent and professional resources to grow the Company. This was a perfect recipe for a stupendous growth which the industry witnessed, from a two state operation, within a span 18 months, to presence in 15 states. It is now a 23 state, PAN India giant.

Again the road wasn’t a bed of roses.

The demonetisation of Nov 2016 hit the industry badly, the Company still remained strong, thanks to the support from Manappuram. We seized the opportunity to transform ourselves digitally and Asirvad became the first large MFI in India to do 100% disbursements into bank accounts of customers. Field operations personnel were all given tabs and we were set for the next phase. AUM and borrower base grew. We crossed a million and then the second million in the next three years. That is when the Corona Demon stalked us in March 2020.

The last two years have again showed the resilience of the team both at Asirvad and Manappuram. The pandemic is being handled well and with every passing wave, we are more equipped, more confident as the numbers speak for themselves.

As I demit this office, I look back with pride, the road I travelled. Zero to 6000 cores of AUM, a revenue of over 1000 crores, 25 lakhs borrowers and 8300 employees. Mind boggling yet true, blessed truly. This has not been a single man’s achievement. More than 15000 Asirvadians have toiled for it. Many brilliant minds burning the midnight oil. Years of wisdom of the Board. Continuous support of the lenders. And most importantly the strength of Manappuram.

I OWE THIS TO ALL OF THEM

So where do we go from here? Mr. Raveendra Babu who has taken over as MD from 1st July, 2021 will steer the Company to the next level. The cherished 10000 Cr. mark. With his impeccable track record and automation experience, the company will leap frog to the top from the current 4th position. More than the position, I am sure that the reputation Asirvad has in the market, will be enhanced when more millions of women will be blessed.

Asirvad is here to stay to be a leader

I planted a seed to grow a tree to give shade to poor women and I am happy that this has become a huge garden. Let the gentle breeze continue as I take leave of this fabulous organisation as Managing Director. Needless to say as a Non-Executive Director I will be watching it with the same happiness if not more.

Thank you all once again for being part of this wonderful journey of mine.

Warm regards

Raja Vaidyanathan

Managing Director



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**LETTER FROM
JOINT MANAGING DIRECTOR**



B N Raveendra Babu

Joint Managing Director

It gives me immense pleasure to connect with you as the Managing Director of your Company. At the outset, I would like to thank each of you for the tireless efforts that you have made so far and look forward to the same zeal in the days ahead.

Financial inclusion is a key driver of sustained and balanced growth of the economy which helps to reduce income disparity and alleviates poverty. The Reserve Bank of India, by acknowledging the importance of financial inclusion and the vital role of the financial system in promoting the same, has done tremendous work in this area over the years to fulfil the needs and aspirations of our people. Adhering to the principle of “welfare of all through the upliftment of the weak,” we are extending financial assistance to deprived women from different segments of society who are engaged in a quest to improve their standard of living. By crossing the boundaries of the states with a Pan-India presence, Asirvad is reaching out to almost all parts of the country and extending support to women entrepreneurs by rendering financial assistance in a safe and transparent manner. Today, we have managed to become the highest credit-rated company in the MFI sector and it is your support and encouragement that has helped us achieve this milestone.



Performance of the Company

Currently, your Company has a presence in 22 States & UTs and it is also ranked as the 4th largest MFI in India. The Company’s AUM stands at Rs. 5,984.62 Crores and it represents a significant accomplishment. I have no doubt that it is the industrious Asirvad team that has made this milestone feasible. The single-point objective of the Company is to make a valuable contribution towards the lives of our customers, and we made it a point to stand strong with them even during these tough pandemic days by introducing new loan products. We are happy to have launched gold loans in branches across the states of Assam, Bihar, Odisha and West Bengal. At Asirvad, we are determined to serve our customers keeping their best interests in mind.

Relentless focus on technology upgradation

Technology has not only helped the growth of business, but it has also simplified our way of life. The new-age financing is all about optimum utilization of technology. As a Company we believe in the power of technology and over the years we have adopted various innovations such as Loan Management System (LMS) and usage of DigiPay and other digital platforms for payment, with many more initiatives in the pipeline. Automation has enriched the lives of both our employees and customers without compromising on the quality of work we do.

Employee well-being

At Asirvad, we are constantly looking for ways to improve the knowledge and skills of our employees and, based on this consideration, we have introduced the Learning Management System to create awareness, knowledge, and vigilance. Also, to further improve the morale and confidence of our women employees, we launched a “Women’s Club” in March 2021 on the occasion of International Women’s Day. The club provides them with a platform within the organization where they can showcase their skills and talent for a healthy work environment.

Thank you

I take the opportunity to express my sincere gratitude to all the stakeholders for their continuous support. We have achieved so much without any compromise on the directives of the Reserve Bank of India for maintaining stability in a potentially volatile environment. The commitment and the co-operation of our team have been the prominent factors contributing towards the culture of perpetual excellence. I have no doubt that everyone from the bottom to the top of the pyramid will strive to take Asirvad to the next level and make our company the epitome of success and ethical conduct.

With best wishes,

B N Raveendra Babu
Joint Managing Director



**“Enthusiasm is common.
Endurance is rare”**

- Angela Duckworth



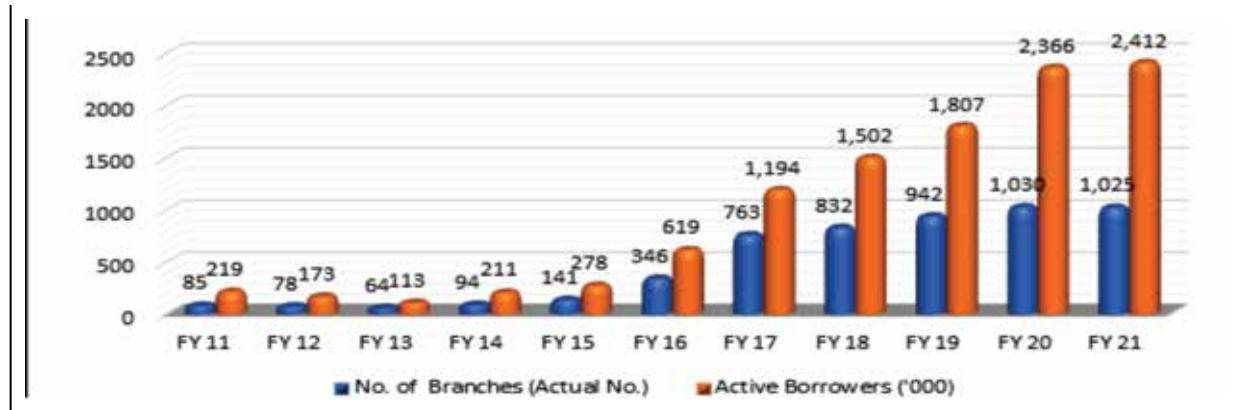
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KEY TRENDS



Key Trends

Particulars	Mar-21	Mar-20	Mar-19	Mar-18	Mar-17
No. of States & Union Territories	22	22	22	20	17
No. of Branches	1,025	1,030	942	832	763
No. of Districts	316	315	289	245	252
No. of Employees	7,233	6,206	4,951	4,167	3,861
No. of Active Members	24,12,147	23,66,475	18,06,844	15,01,575	11,93,328
Disb. In Crs.	3,597	4,661	4,286	2,875	2,114
Portfolio in Crs.	5,941	5,488	3,838	2,434	1,796

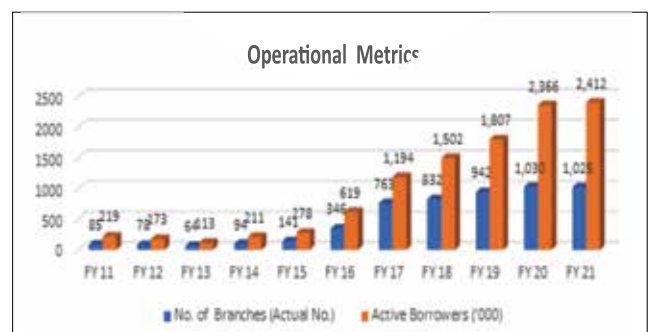
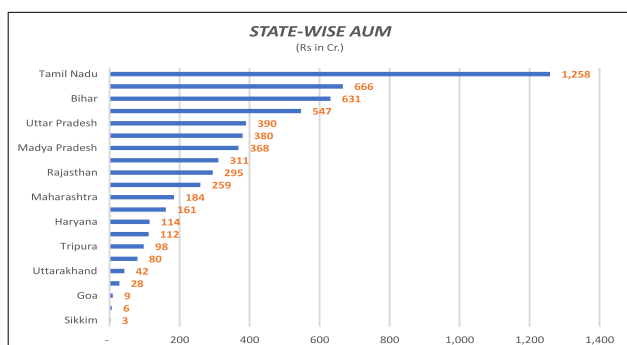


Operational Highlights

State Name	AUM in Cr.
Tamil Nadu	1,258
West Bengal	666
Bihar	631
Karnataka	547
Uttar Pradesh	390
Kerala	380
Madya Pradesh	368
Jharkhand	311
Rajasthan	295
Odisha	259
Maharashtra	184
Punjab	161
Haryana	114
Gujarat	112
Tripura	98
Chhattisgarh	80
Uttarakhand	42
Assam	28
Goa	9
Chandigarh	6
Sikkim	3
Total	5,941

Operational Metrics

Financial Year	No. of Branches (Actual No.)	Active Borrowers ('000)
FY 11	85	219
FY 12	78	173
FY 13	64	113
FY 14	94	211
FY 15	141	278
FY 16	346	619
FY 17	763	1,194
FY 18	832	1,502
FY 19	942	1,807
FY 20	1,030	2,366
FY 21	1,025	2,412





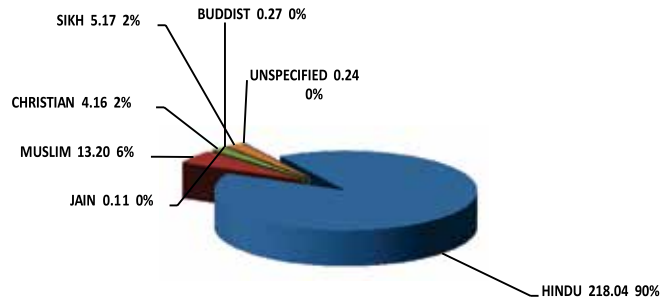
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CUSTOMER DEMOGRAPHY

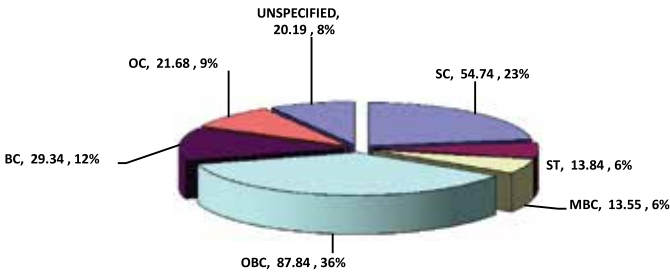


2411857 ACTIVE MEMBERS - RELIGION WISE

RELIGION	TOTAL	%
HINDU	218.04	90.40%
MUSLIM	13.20	5.47%
SIKH	5.17	2.14%
CHRISTIAN	4.16	1.73%
BUDDIST	0.27	0.11%
UNSPECIFIED	0.24	0.10%
JAIN	0.11	0.05%
	241.19	100.00%



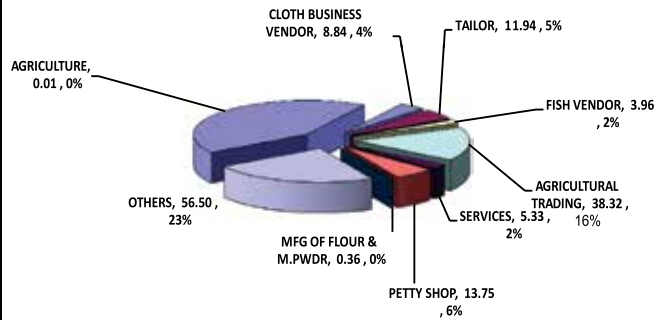
2411857 ACTIVE MEMBERS - CASTE WISE



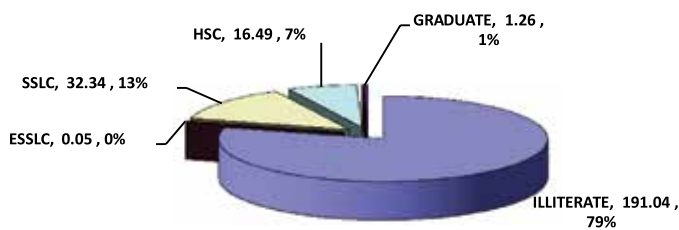
CASTE	TOTAL	%
OBC	87.84	36.42%
SC	54.74	22.70%
BC	29.34	12.16%
OC	21.68	8.99%
UNSPECIFIED	20.19	8.37%
ST	13.84	5.74%
MBC	13.55	5.62%
	241.19	100.00%

2411857 ACTIVE MEMBERS OCCUPATION WISE

OCCUPATION	TOTAL	%
AGRICULTURE	102.17	42.36%
OTHERS	56.50	23.42%
AGRICULTURAL TRADING	38.32	15.89%
PETTY SHOP	13.75	5.70%
TAILOR	11.94	4.95%
CLOTH BUSINESS VENDOR	8.84	3.67%
SERVICES	5.33	2.21%
FISH VENDOR	3.96	1.64%
MFG OF FLOUR & M.PWDR	0.36	0.15%
TOTAL	241.19	100.00%



2411857 ACTIVE MEMBERS - EDUCATION WISE



EDUCATION	TOTAL	%
ILLITERATE	191.04	79.21%
SSLC	32.34	13.41%
HSC	16.49	6.84%
GRADUATE	1.26	0.52%
ESLC	0.05	0.02%
	241.19	100.00%



BOARD REPORT

BOARD REPORT

Dear Members,

Your Board of Directors takes pleasure in presenting the 14th Annual Report of Asirvad Micro Finance Limited ("Company"), together with the Audited Financial Statements for the financial year ended March 31, 2021:

Financial Summary/ Highlights and State of Affairs

(Rs. in Crores)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Gross Income	1077.18	1101.44
Total Expenditure	1046.50	791.14
Profit before Tax	30.68	310.30
Tax Expenses net of Deferred tax	13.80	74.97
Profit after Tax	16.88	235.33
Appropriations		
Transfer to Statutory Reserve	3.38	47.07
Surplus in Profit & Loss	13.51	188.26

During the financial year ended March 31, 2021, your Company recorded a turnover of Rs.1,077.18 Crores. Revenue from operations for the year ended March 31, 2021 has decreased by 0.20% over the corresponding period ended March 31, 2020 due to ongoing pandemic situation. Further, taking into cognizance uncertain market conditions, the Company has created adequate provisions for ECL & also 0.5% of total closing AUM as COVID overlay. The Net Profit of your Company for the financial year ended 31st March, 2021 stood at Rs.16.88 Crores.

The financial performance in first half of Financial Year 2020-21 was adversely impacted as the year started with pandemic, nationwide lockdown, moratorium introduced by the regulator, restricted disbursements, witnessed low levels of collections etc., however, in the second half, the Company performed better in terms of disbursement as well as collection efficiency and regained normalcy. Also, considering the financial crisis faced by the Borrowers due to pandemic, Company has introduced new products - COVID Support Loan and Emergency Working Capital Loan in order to address the financial needs of the Borrower and support them in this difficult situation. In addition to this, the Company has also initiated digital mode of payment to provide ease to its customers.

During the Financial Year under review, your Company has started Gold Loan Business within the permissible limit by Reserve Bank of India and key performance highlights of Gold Loan Business are as follows:

Particulars	Financial Year 2021
Branches	21
Number of active members	393
*Total disbursements	Rs.5.1 Cr.
Total AUM	Rs.2.5 Cr.
Collateral Growth (Gm)	9,631.9

*Disbursement started from March, 2021

No auction has happened during the Financial Year under review

Operational Highlights

Micro Finance

Particulars	Financial Year 2021	Financial Year 2020	Change (%)
Number of Branches	1,025	1,030	- 0.49%
Number of Active Members	24,12,147	23,66,475	2%
Gross Loan Portfolio (in Crores)	5,941	5,488	8%
Number of Employees	7,233	6,206	16.55%
Total Disbursement (in Crores)	3,597	4,661	- 23%
No. of States & UT (in Operation)	22	22	-

MSME

Our MSME loan products, process and people focus on enhancing the economic output of our customers. During the period under review, the COVID-19 global pandemic cast a shadow and greatly impacted the growth prospects of the economy. According to some estimates, the economy has contracted by as much as 8% to 10%. To combat the losses caused by the pandemic, the Government of India and the Reserve Bank had announced various measures from time to time. These policies were aimed at providing special support to revive the economy and revive the stressed business sectors. Our MSME customers were also impacted by the effects caused by the pandemic and the Company provided a moratorium on loans to eligible customers who had opted for it. After the unlock measures were announced, the Company was quick to restart lending and take other measures to support the requirements of the Company's customers. These efforts have given good results during the period under review and were well appreciated by our customers.



The performance highlights are as follows:

Particulars	Financial Year 2021	Financial Year 2020
Number of Branches	22	15
Number of Active Members	915	295
Gross Loan Portfolio (in Crores)	40.35	13.6
Total Disbursement (in Crores)	30.1	13.95
No. of States & UT (in Operation)	4	3

As on March 31, 2021, the total number of branches of the Company were 1068 (including MFI – 1025, MSME – 22 and Gold Loan – 21).

There was no change in nature of operation of the Company during the year under review.

Transfer to Reserve

As per the extant guidelines of Reserve Bank of India for NBFCs, the Company has transferred a sum of Rs.337.63 Lakh to the Statutory Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.

Dividend

In order to augment capital as required for supporting the growth of the Company through retention of internal accruals, the Board of Directors has not recommended any dividend for the Financial Year 2020-21.

Deposits

The Company is registered with Reserve Bank of India (RBI) as Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934 and classified as NBFC-MFI. The Board of Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without prior approval of Reserve Bank of India.

RBI Regulations

The Company is in compliance of the regulatory requirements of net owned funds ('NOF') as defined under Section 45-IA of the RBI Act, 1934, to carry on the business of an NBFC-MFI.

Fund Allocation

Total Borrowings

The Company's overall borrowing as on 31st March, 2021 was Rs.5,485.19 Crores.

i) Non-Convertible Debentures

During the year under review, your Company has raised funds of Rs.1,105 Crores through issue of Non-Convertible Debentures (NCDs) on private placement basis and outstanding NCDs as on March 31, 2021 was Rs.1,433.83 Crores.

ii) Commercial Paper

During the year, the Company had not raised funds through Commercial Papers (CPs). During the year under review, the Company had redeemed CPs of Rs.25 Crores on February 24, 2021. The outstanding CPs as on March 31, 2021 was NIL.

iii) External Commercial Borrowing & Term Loan

In the financial year ended 31st March, 2021, the Company has raised Rs.216.45 Crores through External Commercial Borrowing and Rs.1,709 Crores as Term Loan.

Subsidiary/ Joint Venture/ Associate Companies

The Company does not have any Subsidiary Company, Joint Venture and Associate Company during the Financial Year under review in terms of Companies Act, 2013 ("Act").

Further, the Company continues to remain the subsidiary of Manappuram Finance Limited, which holds 5,05,33,878 Equity Shares of Rs.10/- each aggregating to Rs.50,53,38,780/- constituting 94.79% of the Share Capital of the Company as on 31st March, 2021.

Credit Rating

CARE has maintained the grading of your Company to "MFI 1", the highest in the industry. The bank loan rating is also re-affirmed as CRISIL AA-/Stable outlook By CRISIL Ratings Limited.

The Company has debt credit ratings as follows:

Credit Rating Agency	Instrument	Rating
CRISIL	Long Term Bank Facilities	CRISIL AA-/Stable outlook (Reaffirmed)
CRISIL	Non-Convertible Debentures	CRISIL AA-/Stable outlook (Reaffirmed)
CRISIL	Sub-ordinate Debt	CRISIL AA-/Stable outlook (Reaffirmed)
CRISIL	Commercial Paper	CRISIL A1+

Credit Rating Agency	Instrument	Rating
Brick work	Non-Convertible Debentures	BWR AA-/stable

Credit Rating Agency	Instrument	Rating
CARE	Non-Convertible Debentures	CARE A+ ; stable



Capital Adequacy

Your Company being a Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non- Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. As of March 31, 2021, the Company's total Capital Adequacy Ratio (CAR) stood at 23.33%, which is well above the regulatory minimum of 15%.

Out of the above, Tier I capital adequacy ratio stood at 19.64% and Tier II capital adequacy ratio stood at 3.69%.

Share Capital

During the year under review, there was no change in the Authorized Capital as well as Paid up Capital of the Company and the same stood at Rs.100 Crores and Rs.53.31 Crores, respectively.

Particulars of Loans, Gaurantees or Investments

The provisions of Section 186 of the Companies Act, 2013 read with relevant rules made thereunder pertains to the disclosure of loans, guarantee and security are not applicable to a Non-Banking Financial Company. Further, the investments made by the Company during the Financial Year 2020-21 are disclosed in Note No.8 of the Financial Statements.

Related Party Transactions

During the financial year ended March 31, 2021, all transactions with related parties were in the 'ordinary course of business' and 'at an arm's length' basis. Necessary disclosures as required in compliance with accounting standards with related parties are disclosed in notes forming part of the financial statements in the annual report.

Board of Directors has formulated a Policy on Related Party Transaction, which is available on the website of the Company at <https://asirvadmicrofinance.co.in/related-party-transaction-policy/> and the same is also annexed to this report as "Annexure – A".

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed format AOC-2 is attached at "Annexure -B" forming part of the Directors' Report.

Corporate Governance Report

Your Company has framed an Internal Corporate Governance guideline, in compliance with the Directions issued by RBI for NBFCs. The Company has put in place various policies, systems and processes to achieve transparency, high level of business ethics and compliance with applicable laws.

A Complete Report on Corporate Governance is attached as "Annexure –C" forming part of the Director's Report.

Material Changes and Commitments Affecting the Financial Position of the Company which have Occurred between the End of Financial Year and the Date of the Report

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e., March 31, 2021 and the date of the Director's Report.

Management Discussion and Analysis

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

Particulars of Employees

The Company had 7,233 employees as on March 31, 2021. Details of remuneration as required to be provided pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed herewith as "Annexure- D".

Annual Return

As per the provisions of Section 92(3) of the Companies Act, 2013 read with Section 134(3)(a) of the Companies Act, 2013, the copy of Annual Return will be available on <https://asirvadmicrofinance.co.in/announcements/>.

Directors and Key Managerial Personnel

The Board of Directors of your Company has an optimum combination of Executive and Non- Executive Directors in adherence to the applicable provisions. They have very rich and varied experience, skills and expertise knowledge, including, in the field of micro finance and NBFC.

As on March 31, 2021, the Board had Eleven Directors which is combination of two Executive (Managing Director) and nine Non-Executive Directors. Out of nine Non-Executive Directors, seven are Independent Directors. Your Company believes that a well-structured Board brings better practices and governance based on the vast knowledge and experience of the Board Members.

In the Annual General Meeting dated August 25, 2020, the Members approved the appointment of Mr. Abhijit Sen and Mr. Subrata Kumar Atindra Mitra as Independent Directors of the Company.

In the opinion of the Board of Directors the aforesaid Independent Directors are a person of integrity and possess the relevant expertise & experience. Further, all the Independent Directors are registered in the Databank maintained by the institute in terms of Section 150 of the Companies Act, 2013 and are also exempted for the online proficiency self-assessment test.

Key Managerial Personnel/ Senior Management

During the Financial Year under review, the Board of Directors in its meeting dated May 30, 2020 recommended appointment of Mr. B. N. Raveendra Babu as Joint Managing Director & Key Managerial Personnel of the Company, which was subsequently approved by the Members of the Company in the Annual General Meeting dated August 25, 2020.

Further, the appointment of Ms. Aparna Menon as the Company Secretary of the Company was also approved by the Board of Directors at their Meeting held on November 03, 2020 due to the resignation of Mr. Anup Kumar Gupta, the then Company secretary of the Company.

Subsequently, in adherence to the Reserve Bank of India Circular No.RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated 16th May, 2019, the Board of Directors at their Meeting held on March 16, 2021 had appointed Mr. Robert K P as the Chief Risk Officer ("CRO") of the Company, as Mr. B. B. Vasudeva Rao, the then CRO was designated as Head – Internal Audit of the Company.



Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2021 are:

- Mr. S.V. Raja Vaidyanathan, Managing Director;
- Mr. B. N. Raveendra Babu, Joint Managing Director;
- Mr. Yogesh Ratnakar Udhoji, Chief Financial Officer; and
- Ms. Aparna Menon, Company Secretary

The term of Mr. Raja Vaidyanathan as Managing Director is ending on June 30, 2021. Post closure of the Financial Year, the Board at its meeting held on May 14, 2021, approved the appointment of Mr. B N Raveendra Babu as Managing Director, to hold office from July 01, 2021 upto June 01, 2025. This was further approved by shareholders at the Extra Ordinary General Meeting held on May 21, 2021.

Mr. SV Raja Vaidyanathan will continue on the Board as Non-Executive, Non-Independent Director from July 01, 2021.

Director Retiring by Rotation

Mr. B N Raveendra Babu, Director is liable to retire by rotation in terms of provisions of the Companies Act, 2013, at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommended his re-appointment in its meeting dated May 14, 2021.

Committees of the Board

The Company has Nine Committees: - Audit Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Management Committee, Risk Management Committee, Borrowing & Securities Allotment Committee, IT Strategy Committee and Asset Liability Committee.

A detailed note on the composition of aforesaid committees is provided in the Corporate Governance Report of the Company.

Declaration from Independent Director

The Company has received necessary declarations from all Independent Directors of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of Independence laid down in Section 149(6) and Rule 6(1) & (2) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

Further, the Company has also received undertaking and declaration from each Director of the Company on fit and proper criteria in terms of the provisions of the Master Directions – NBFC – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Independent Director's Meeting

During the year under review, a meeting of Independent Directors was held on March 16, 2021 as required under Companies Act, 2013 and in compliance with requirement under Schedule IV of the Act to consider the matters specified therein.

Risk Management

Risk Management at Asirvad Micro Finance includes risk identification, risk assessment, risk measurement and risk mitigation with its main objective to minimise the negative impact on profitability and capital. Asirvad Micro Finance is exposed to various risks that are an inherent part of any Microfinance business. The major risks are credit risk, operational risk, liquidity risk and market risk.

The Company is having in place Board approved "Risk Manual" and "IT Risk Assessment Policy" which deals with the major risks associated with the business of the Company and the Board/ Risk Management Committee/ IT Strategy Committee review the same and also monitor its implementation.

Asirvad is committed to create an environment of increased risk awareness at all levels. It also aims at continually upgrading the risk management measures to ensure avoidance or mitigation of various risks. The Company has policies and procedures in place to measure, assess, monitor and manage these risks systematically across the organization, which makes it pioneer to undertake the implementation of the advanced approaches under credit, market and operational risk. An independent Risk Governance Structure, in line with best industry practices, is put in place, in the context of separation of duties and ensuring the independence of risk measurement, monitoring and control functions.

The Company has put an improved mechanism in place to manage Credit Concentration Risk, by way of Internal Prudential Exposure Limits framework for geographies. These exposure norms are monitored regularly at defined periods. Risks in the different geographies are monitored continuously, and wherever warranted, the geographies concerned are reviewed immediately.

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Key elements of Asirvad's Operational Risk Management include timely incident reporting and ongoing review of Systems and Controls, monitoring of Key Risk Indicators (KRIs) and aligning Risk Management activities with Business Strategy.

The various risks across the organization are monitored and reviewed through the Executive Level Committees and the Risk Management Committee of the Board (RMC), which meets regularly. The Board of directors and its various sub-committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity risk management, interest rate risk, funding and capital planning, profit planning and growth projections, pricing, credit risk, portfolio risk management, operational and process risk management have also been reviewed from time to time and the sub-committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central Bank at periodic intervals.

RMC is responsible for overseeing the risk management activities of the Company, approving measurement methodologies and appropriate risk management procedures across the organization. The Chief Risk Officer ("CRO") of the Company is the Secretary of the said Committee, who is responsible to review and manage potential risks which may arise from time to time and also submit his report before the RMC on a set interval.

Corporate Social Responsibility

The Corporate Social Responsibility (CSR) activities have been undertaken by the Company in accordance with the CSR Policy of the Company as formulated by the Board of Directors, on the recommendation of the CSR Committee, pursuant to Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the Financial Year under review, the Company has contributed a sum of Rs.20 Lakh to PM Care Funds.

For detailed information regarding CSR Committee, please refer the Corporate Governance Report. Further, CSR Annual Report is attached as "Annexure –E", which forms an integral part of this report.



The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The salient features of the Corporate Social Responsibility policy of the Company as follows:

- To cover the scopes/ areas for undertaking Corporate Social Responsibility activities of the Company;
- To specify the composition, roles and responsibilities of the Corporate Social Responsibility Committee of the Company;
- To cover the formulation of Annual Action Plans of the Company;
- To ascertain the modes of undertaking Corporate Social Responsibility activities either by the Company itself or any other trust/ company/ society

The CSR policy of the Company was amended in the Board Meeting dated March 16, 2021 in adherence to amendments notified in Section 135 of Companies Act, 2013, rules & schedule and the amended policy is available on <https://asirvadmicrofinance.co.in/csr-policy/>.

Auditors

Statutory Auditors & their Report

During the year, term of Deloitte Haskins & Sells, Chartered Accountants, Chennai (FRN 008072S) the then Statutory Auditors was completed and accordingly, pursuant to the provisions of Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rule, 2014, the Members of the Company at the 13th Annual General Meeting appointed Walker Chandiook & Co. LLP (Grant Thornton), Chartered Accountants (Firm Registration No.001076N/N500013) for a period of 5 years commencing from the conclusion of 13th Annual General Meeting (AGM) till the conclusion of 18th AGM of the Company.

The Statutory Auditor's Report on Financial Statements for the year ended March 31, 2021, does not contain any qualification, reservation, or adverse remarks.

Secretarial Auditor & their Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Board at its meeting held on May 12, 2020 appointed Mr. S. Hari, Practicing Company Secretary (Certificate of Practice No. 4276) as the Secretarial Auditor of the Company, to conduct the Secretarial Audit for the financial year ended March 31, 2021.

The Secretarial Audit Report as received in the prescribed Form No.MR-3, does not contain any qualification, reservation, or adverse remarks. The Secretarial Audit Report for the Financial Year 2020-21 is appended as "Annexure- F" to this report.

The Board of Directors on the recommendation of Audit Committee has appointed KSR & CO, Company Secretaries LLP, as Secretarial Auditor of the Company for the FY 2021-22.

Internal Audit

As part of the effort to evaluate the effectiveness of the internal control systems, your Company's internal audit function reviews all the control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures.

The Company has its own Internal Audit Team headed by Head – Internal Audit of the Company. The said team submits its report before the Audit Committee on a set interval.

Non-Applicability of Maintenance of Cost Records

The provisions of Section 148 of the Companies Act, 2013 and Rules framed thereunder pertaining to maintenance of cost records as well as appointment of Cost Auditors are not applicable to the Company.

Frauds Reported by Auditors

During the year under review, no cases of fraud against the Company by its officers or employees has been reported either by the Statutory Auditor or Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to Section 134(3) (c) of the Companies Act, 2013, the Directors confirm that:

- i. In the preparation of the Annual Accounts for the year ended March 31, 2021, the applicable accounting standards, had been followed with the proper explanation relating to material departures for the same.
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for the year ended on that date.
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. They have prepared the annual accounts on a going concern basis and
- v. They have laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Meetings of the Board of Directors

The Board of the Company has met eight times during the year under review. For details regarding the said meetings of the Board, please refer the Corporate Governance Report, which is a part of this report.

Annual Performance Evaluation

The Company has in place the Board Evaluation Policy which has been approved by the Board to evaluate the performance of the Board, its committees and individual director and in accordance with the criteria specified in the said policy annual evaluation has been conducted.

As per the approved policy a structured questionnaire was prepared, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance, flow of information etc. The Directors have expressed their satisfaction with the evaluation process.



The Nomination and Remuneration Committee as well as Board evaluate the performance of the Board, Committees & Directors on a set interval. In addition to this the Chairman is also evaluated on the basis of roles and responsibilities assigned to his position.

Company's Policy on Director's Appointment and Remuneration

In terms of Section 178(1) of the Companies Act, 2013 and rules made thereunder the Nomination and Remuneration Committee is responsible for identifying persons for appointment as directors/ senior management personnel and for evaluating incumbent directors for their continued service. The Board of Directors, on recommendation of the said Committee has formulated a policy in terms of the provisions of the Companies Act, 2013 and RBI Directions applicable for non-banking finance companies, which inter alia, deals with the criteria for determining qualifications, positive attributes and independence of a director. These attributes shall be considered for nominating candidates for appointment as well as re-appointment.

The salient features of the Nomination and Remuneration Policy of the Company are as follows:

- Identifying persons who are qualified to become Directors and/ or who may be appointed in Senior Management in accordance with Criteria as laid down and recommend to Board their appointment and removal;
- The Committee shall undertake a process of Due Diligence based on the criteria of qualification, technical expertise, track record, integrity etc. and shall ensure that proposed or existing Director meets the fit and proper criteria as prescribed by the Reserve Bank of India;
- To determine and recommend the terms of appointment including remuneration to the Board of Directors for the personal proposed to be appointed as Director/ in Senior Management.

During the period under review, there was no change in the Nomination and Remuneration Policy of the Company and the said policy has been uploaded on the website of the Company and is available on <https://asirvadmicrofinance.co.in/nomination-remuneration/>.

Internal Control System and their Adequacy

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

Further, the Company is having its well-structured Internal Audit Team to perform timely and frequent internal audit to evaluate the adequacy of systems and procedures and also to evaluate the status of compliance to Company's guidelines and other statutory requirements.

The department is manned by a team of over 200 dedicated personnel who are constantly engaged in safeguarding your Company's assets, ensures the quality of assets and also evaluates the adequacy of risk management systems at its operating units.

We are following a practice to place the report of the Internal Audit regarding significant audit findings and also preventive and corrective measures to protect the interests of the Company before the Audit Committee on quarterly basis.

Furthermore, for the Financial Year 2020-21, KPMG was appointed for the Special Audit of the Company and the report of the said auditor along with the management responses were also placed before the Audit Committee periodically.

Dematerialisation of Shares

As on 31st March, 2021, all shares held by the Shareholders are in Demat form.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors of the Company had approved the Policy on Vigil Mechanism/Whistle Blower to deal with instance of fraud and mismanagement, if any and the same is also available on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year from a Director or an Employee.

Credit Bureau Subscription

In order to address the issue of multiple lending or over indebtedness and also to know the credit history of the customer, the Company continues to submit monthly and weekly data to Highmark, CIBIL, Equifax and Experian Credit Bureaus and also use their credit report for each of the loan sanctions. This coupled with intense follow-ups and efficient processes have resulted in constantly building high quality assets with minimal delinquencies.

Fair Practice Code

The Company is complying with guidelines issued by RBI on Fair Practices Code from time to time. The Fair Practices Code, Code of Conduct, Code of Ethics and Grievance Redressal Mechanism which has been approved by the Board are displayed prominently in all the branches of your Company.

Details of Issue of Sweat Equity Shares in Terms of Rule 8 (13) of the Companies (Share Capital and Debentures) Rules, 2014

During the year under review, the Company has not issued any Sweat Equity Shares and hence disclosure relating to same is not applicable.

Details of the Employees Stock Option Scheme in Terms of Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014

The Company has granted the options under "Asirvad Employee Stock Option Scheme, 2019" and the necessary disclosures are made in "Annexure – G" of this report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is disclosed in "Annexure – H" as attached with this report.

A detailed note is given in the Annual Report on the Clean Energy Program of the Company.

Secretarial Standards of ICSI

The Company is in compliance with the applicable Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by The Institute of Company Secretaries of India and approved by the Central Government.



Prevention, Prohibition and Redressal of Sexual Harassment of Women at Work Place

The Company has constituted Internal Complaint Committee (ICC) in line with requirement of the provision of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder.

Your Company is also having in place a detailed policy on Harassment Free Workplace, which promotes gender equality and justice and also to create a discrimination free workplace.

The following is the summary of sexual harassment complaints received and disposed off during the year:

1.	No. of complaints received during the year	Nil
2.	No. of complaints disposed off	Nil
3.	No. of Complaints pending at the year end	Nil

All Employees (Permanent, Contractual, Temporary, Trainees etc.) are covered under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Regulatory Actions

There are no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and operations of the Company in future.

Acknowledgement

Your Directors wish to place on record their deep appreciation for the assistance and co-operation extended by the Bankers, Financial Institutions, Business Associates, Government Authorities, Sa-Dhan, MFIN, Customers, Vendors and other stakeholders during the year under review.

We are grateful for the continuous confidence and faith shown by the promoters of the Company.

Your Directors appreciate and value the contribution made by the employees of Asirvad Family.

For and on behalf of the Board of Directors
ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)
Chairman
DIN: 00044512

(S V Raja Vaidyanathan)
Managing Director
DIN: 01467098

Date : May 24, 2021

Place : Chennai



RELATED PARTY TRANSACTIONS (RPTs) POLICY

1. Preamble

The Related Party Transactions Policy provides a framework to regulate transactions between Asirvad Micro Finance Limited ("Company") and its Related Parties based on the applicable laws and regulations applicable on the Company.

2. Definitions

"Related Party" means related party as defined in Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ('SEBI Listing Regulations'), which inter alia provides that a "related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

Further, any person or entity belonging to the promoter or promoter group of the Company and holding 20% or more of the shareholding in the Company shall be deemed to be a related party.

Pursuant to Section 2(76) of the Companies Act, 2013, related party with reference to a Company, means:

- i. a Director or his relative ;
- ii. a Key Managerial Personnel (KMP) or his relative ;
- iii. a Firm, in which a director, manager or his relative is a partner ;
- iv. a Private Company in which a director or manager or his relative is a member or director;
- v. a Public Company in which a director or manager is a director and holds along with his relatives, more than 2% (two per cent) of its paid-up share capital;
- vi. any body corporate whose board of directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager ;
- vii. any person under whose advice, directions or instructions a director or manager is accustomed to act;
Provided that nothing in sub-clauses vi and vii shall apply to the advice, directions or instructions given in a professional capacity;
- viii. any body corporate which is a holding, subsidiary or an associate company of the Company;
- ix. any body corporate which is a subsidiary of a holding company to which it is also a subsidiary;
- x. any body corporate which is an investing company or the venturer of the Company
For the purpose of clause x above, "the investing company or the venturer of a company" means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.
- xi. Director (other than Independent Director) or KMP of the holding company or his relative;
"Relative" means relative as defined under the Companies Act, 2013 and includes anyone who is related to another, if -
 - i. They are members of a Hindu undivided family (HUF) ;
 - ii. They are husband and wife ; or
 - iii. Father (including step-father)
 - iv. Mother (including step-mother)
 - v. Son (including step-son)
 - vi. Son's wife
 - vii. Daughter
 - viii. Daughter's husband
 - ix. Brother (including step-brother)
 - x. Sister (including step-sister).

"Associate Company" means a company which has significant influence but which is not a subsidiary of the Company having such influence and includes a joint venture company.

"Significant Influence" means control of at least 20 (twenty) % of the total voting power or control of or participation in business decisions under an agreement.

"Joint Venture" means a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

"Control" shall include:

- a) The right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders'/voting agreements etc.; or
 - b) ownership, directly or indirectly, of more than one half of the voting power of the Company;
- or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the Company.

"Related Party Transaction" ("RPT") means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged, either single or a group of transactions in a contract.



“Specific Related Party Transaction” shall mean any of the following transactions entered into by the Company with any of its Related Parties which are, either not in the ordinary course of business or not on arm’s length basis:

- a. sale, purchases or supply of any goods or materials;
- b. selling or otherwise disposing of, or buying, property of any kind;
- c. leasing of property of any kind;
- d. availing or rendering of any services;
- e. appointment of any agent for purchases or sale of goods, materials, services or property;
- f. such related party’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g. underwriting the subscription of any securities or derivatives thereof, of the company.

“Arm’s Length Transaction” means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

“Office or Place of Profit” means any office or place:

- i. where such office or place is held by a director, if the director holding it receives from the company anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent free accommodation, or otherwise;
- ii. where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from the company anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

“Responsibility Officer” means the Chief Financial Officer (CFO) of the Company. The Board may, where it is considered necessary so to do, appoint such other officer as it may consider proper as such Responsibility Officer(s).

“Applicable Laws” means the Companies Act, 2013 and the rules made thereunder, SEBI Listing Regulations and include any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

All terms not defined herein shall take their meaning from the Applicable Laws.

3. Policy

All RPTs must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy.

4. Identification of Related Parties

The Responsibility Officer shall at all times:

- a) Identify and keep on record list of Company’s Related Parties, along with their requisite details.
- b) The Responsibility Officer shall identify such functional heads, departmental heads and such other employees (Designated Employees) who are responsible for entering into contracts/ arrangements/ agreements with entities for and on behalf of the Company and circulate the list of Related Parties to all such Designated Employees of the Company along with the approval thresholds for entering into transactions with such listed Related Parties.
- c) The Responsibility Officer shall also set down the mechanism for reporting of such transactions proposed to be entered or entered with related parties by such Designated Employees as specified in (b) above.
- d) The record of Related Parties shall be updated whenever necessary and shall be reviewed at least once in every six months.
- e) The Responsibility Officer shall be responsible for implementation and monitoring of the Company’s RPT Policy at all times and submit a half yearly report of the same to the Audit Committee for review.

5. Identification of Potential RPTs

Each Director, KMP and Senior Management Personnel (SMP) is responsible for providing notice to the Board or Audit Committee of any potential RPT involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request.

The Board/Audit Committee will determine whether the transaction does, in fact, constitute a RPT requiring compliance with this Policy.

The Company strongly prefers to receive such notice of any potential Related Party Transaction well in advance so that the Audit Committee/Board has adequate time to obtain and review information about the proposed transaction.

6. Review and Approval of RPTs

I. Audit Committee Approval

RPTs, if any, will be referred to the Audit Committee for review and prior approval, wherever applicable.

The Audit Committee may grant Omnibus Approval for RPTs proposed to be entered into by the Company subject to the following conditions:

- i. It shall, after obtaining approval of the Board of Directors, lay down the criteria for granting the omnibus approval in line with the Policy, which shall include the following, namely:
 - (a) maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year;
 - (b) the maximum value per transaction which can be allowed;
 - (c) extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval;
 - (d) review, at such intervals as the Audit Committee may deem fit, related party transaction entered into by the company pursuant to each of the omnibus approval made;
 - (e) transactions which cannot be subject to the omnibus approval by the Audit Committee.



- ii. The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:
 - (a) repetitiveness of the transactions (in past or in future);
 - (b) justification for the need of omnibus approval.
- iii. It shall satisfy itself regarding the need for such omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.
- iv. Such omnibus approval shall specify –
 - The name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - The indicative base price / current contracted price and the formula for variation in the price if any, and
 - any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 (One) crore per transaction.

- v. It shall review, atleast on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
- vi. Such omnibus approvals shall be valid for a period not exceeding 1 (one) financial year and shall require fresh approvals after the expiry of 1 (one) financial year.
- vii. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- viii. Any other conditions as the Audit Committee may deem fit.

Any Member of the Audit Committee who has a potential interest in any RPT will recuse himself or herself and abstain from discussion and voting on the approval of the RPT.

In order to review a RPT, the Audit Committee will be furnished with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

In determining whether to approve a RPT, the Audit Committee will consider the following factors, among others, to the extent relevant to the RPT:

- Name of the related party and the relationship
- Nature and duration of transaction and material terms including the value, if any
- The manner of determining the pricing and whether the terms of the RPT are fair and on arm's length basis to the Company
- Business rationale for such transactions.

In case of transaction, other than transactions referred to in Section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board. Further, in case any transaction involving any amount not exceeding Rupees 1 (one) crore is entered into by a director or officer of the Company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within 3 (three) months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the Company against any loss incurred by it.

The requirement of obtaining Audit Committee approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee shall not apply to a transaction, other than a transaction referred to in Section 188, between a holding company and its wholly owned subsidiary company.

II. Board Approval

If the Audit Committee determines that a RPT should be brought before the Board, or it is mandatory under any Applicable law for Board to approve a RPT, or in the case of Specific RPTs, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

III. Shareholder's Approval

If the Audit Committee and the Board determines that a RPT should be brought before the Shareholders, or it is mandatory under any Applicable law for the shareholders to approve a RPT or in case of material RPTs, then such shareholder approval, as may be necessary or appropriate under the circumstances, shall be obtained and the considerations set forth above shall apply to the Shareholders' approval of the matter.

Notwithstanding the foregoing, the following RPTs shall not require approval of Audit Committee or Board or Shareholders:

- i. Any transaction that involves the providing of compensation to a Director or KMP in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the Ordinary Course of Business.
- ii. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.
- iii. Any transaction arising out of Compromises, Arrangements and Amalgamations dealt with under specific provisions of the Companies Act, 2013.

iv. Reimbursement of pre-incorporation expenses incurred by a Related Party as approved by the Board of Directors.

v. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder.

7. RPTs not approved under this Policy

In the event the Company becomes aware of a RPT with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee. The Audit Committee shall consider all of the relevant facts and circumstances regarding the RPT, and shall evaluate all options available to the Company, including ratification, revision or termination of the RPT. The Audit Committee shall also examine the facts and circumstances pertaining to the failure of reporting such RPT to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Audit Committee determines not to ratify a RPT that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. The Audit Committee has authority to modify or waive any procedural requirements of this Policy.



8. Existing Related Party Transactions (RPTs)

This Policy shall operate prospectively and all the agreements which have been entered before the effective date of this Policy and are in accordance with the then prevailing laws shall be valid and effective.

This Policy will be communicated to all Directors, KMPs, functional heads and other concerned executives of the Company.

9. Disclosures/Amendment

Necessary disclosures shall be made by the Company in its Annual Report as may be required under applicable laws.

Pursuant to Section 134(3)(h) of the Companies Act, 2013, particulars of contracts or arrangements with related parties referred to in Section 188 of the Companies Act, 2013 shall be disclosed in the Director's Report in the prescribed format.

The Company shall disclose the Policy on dealing with Related Party Transactions (RPTs) on its website and a web link thereto shall be provided in the Annual Report of the Company.

The rights to interpret/amend/modify this Policy vests in the Audit Committee/ Board of Directors of the Company. Further, this Policy shall be reviewed by the Audit Committee/ Board of Directors at least once every 3 (three) years and updated accordingly.

Any matter not provided for in this Policy shall be handled in accordance with applicable laws, and the Company's Articles of Association.

This Policy is in conformity with Applicable Laws. In case any clause /provision of this Policy is inconsistent with Applicable Laws, the provisions of such Laws shall prevail. Any subsequent amendment / modification in the Applicable Laws shall automatically apply to this Policy.

Policy Review:

This policy shall be reviewed and reassessed by the Audit Committee annually and appropriate recommendation shall be made to the Board.



Annexure - B

FORM No. AOC-2

(Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered during the year ended March 31, 2021, which were not at arm's length basis.

Detail of material contracts or arrangements or transactions at arm's length basis

There were no material contracts or arrangements or transactions entered during the year ended March 31, 2021, which were at arm's length basis.

For and on behalf of the Board of Directors

ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)

Chairman

DIN: 00044512

(S V Raja Vaidyanathan)

Managing Director

DIN: 01467098

Date : May 24, 2021

Place : Chennai



CORPORATE GOVERNANCE REPORT

A good Corporate Governance practice is a key factor of sustainable corporate growth and maintains a long term relationship with the stakeholders of the Company. Asirvad Micro Finance limited ("Asirvad/ the Company") is committed to highest level of Corporate Governance practices and emphasizes the need for full transparency and accountability in all transactions, in order to protect the interests of its stakeholders. This enables the Company to attract high quality financial and human capital.

Asirvad believes that a strong, professionally balanced Board of Directors is necessary to ensure the highest standards of Corporate Governance; we have an appropriate mix of Executive/ Non-Executive and Independent Directors in our Board. The Board of Directors represents the shareholder's interest in perpetuating a successful business and optimizing long term financial returns in a manner consistent with applicable regulatory and legal requirements and ethical considerations.

RBI Guidelines on Corporate Governance

In order to enable NBFCs to adopt best practices and greater transparency in their operations, RBI has stipulated all NBFCs to frame an internal guideline on Corporate Governance. In pursuance of the aforesaid guidelines, the Company has framed an internal guideline on Corporate Governance and reviews and updates the same periodically.

Company's Philosophy on Corporate Governance

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

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

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

Board of Directors

As at March 31, 2021, your Company's Board consists of 11 (Eleven) members. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and Corporate Governance Directions issued by Reserve Bank of India.

Composition and Category of Directors as at March 31, 2021:

Name of Director	DIN	Category	Designation
Mr. V P Nandakumar	00044512	Non - Executive	Director (Chairman)
Mr. Abhijit Sen	00002593	Non - Executive	Independent Director
Mr. A. Ramanathan	02645274	Non - Executive	Independent Director
Mr. B N Raveendra Babu	00043622	Executive	Joint Managing Director
Mr. Desh Raj Dogra	00226775	Non - Executive	Independent Director
Mr. Gautam Saigal	00640229	Non - Executive	Director
Mrs. Pushya Sitaraman	06537196	Non - Executive	Independent Director
Mr. Subrata Kumar Atindra Mitra	00029961	Non - Executive	Independent Director
Mr. S V Raja Vaidyanathan	01467098	Executive	Managing Director
Mr. T. Balakrishnan	00052922	Non - Executive	Independent Director
Mr. T. M. Manoharan	00225640	Non - Executive	Independent Director

Meetings of the Board

During the year, the Board met 8 (Eight) times on the following dates:

S. No.	Date of Meeting
1	Wednesday, April 01, 2020
2	Tuesday, May 12, 2020
3	Saturday, May 30, 2020
4	Friday, June 26, 2020
5	Friday, July 24, 2020
6	Tuesday, November 03, 2020
7	Monday, January 25, 2021
8	Tuesday, March 16, 2021



Attendance during the financial year 2020-21 of each Director at the Board Meetings as well as previous Annual General Meeting are as follows:

Sl. No.	Name of the Director	Category	Attended (Board meeting)	Attended last AGM held on August 25, 2020
1.	Mr. V P Nandakumar	Chairman	8	YES
2.	Mr. Abhijit Sen	Independent Director	8	YES
3.	Mr. A. Ramanathan	Independent Director	8	YES
4.	Mr. B N Raveendra Babu	Joint Managing Director	8	YES
5.	Mr. Desh Raj Dogra	Independent Director	8	YES
6.	Mr. Gautam Saigal	Director	8	YES
7.	Mrs. Pushya Sitaraman	Independent Director	8	YES
8.	Mr. Subrata Kumar Atindra Mitra	Independent Director	8	YES
9.	Mr. S V Raja Vaidyanathan	Managing Director	8	YES
10.	Mr. T. Balakrishnan	Independent Director	8	YES
11.	Mr. T. M. Manoharan	Independent Director	7	YES

None of the Directors of the Company have exceeded the maximum number of Directorship as specified under Section 165 of the Companies Act, 2013.

Separate Meetings of the Independent Directors

A Separate Meeting of Independent Directors was held on Tuesday, March 16, 2021 without the presence of Non-Independent Directors and Members of Management. All the Independent Directors attended the meeting and:

- reviewed the performance of non-independent directors and the Board as a whole;
- reviewed the performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- Assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Committees of the Board

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted the following set of Committees with specific terms of reference / scope. The Committees are operating as empowered agents of the Board as per their Charter / terms of reference.

Audit Committee

The Board of Directors has constituted and entrusted the Audit Committee with the responsibility to supervise internal controls and financial reporting processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

The Audit Committee met on the following dates during the financial year 2020-21:

S. No.	Date of Meeting
1	Monday, May 11, 2020
2	Thursday, July 23, 2020
3	Tuesday, November 03, 2020
4	Tuesday, November 10, 2020
5	Saturday, January 23, 2021

Composition of the Audit Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. D R Dogra	Chairman, Independent Director
Mr. Abhijit Sen	Member, Independent Director
Mr. A Ramanathan	Member, Independent Director
Mr. Gautam Saigal	Member, Non-Executive Director
Mrs. Pushya Sitaraman	Member, Independent Director
Mr. T Balakrishnan	Member, Independent Director

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee pursuant to the provisions of the Companies Act, 2013. The primary purpose of the Committee, among other things, is to determine and propose the following for Board's approval:-

- a) To identify persons who are qualified to become Directors and also who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- b) To formulate the criteria for performance evaluation of Independent Directors and the Board;



- c) To carry out performance evaluation of Independent Directors along with the Board as a whole;
- d) To evaluate the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate Directors.

The Nomination and Remuneration Committee met on the following dates during the financial year 2020-21:

S. No.	Date of Meeting
1	Monday, May 11, 2020
2	Saturday, December 26, 2020

Composition of the Nomination and Remuneration Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. T. Balakrishnan	Chairman, Independent Director
Mr. A Ramanathan	Member, Independent Director
Mr. Gautam Saigal	Member, Non- Executive Director
Mrs. Pushya Sitaraman	Member, Independent Director

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee ("CSR Committee"). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities. The Committee has framed a transparent monitoring mechanism for implementation of CSR projects or programs as per the Annual Action Plan of the Company and also monitors CSR policy from time to time.

The Corporate Social Responsibility Committee met two times on below mentioned dates during the financial year 2020-21:

S. No.	Date of Meeting
1	Tuesday, May 12, 2020
2	Monday, January 25, 2021

Composition of the Corporate Social Responsibility Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mrs. Pushya Sitaraman	Chairperson, Independent Director
Mr. A Ramanathan	Member, Independent Director
Mr. B N Raveendra Babu	Member, Joint Managing Director
Mr. S V Raja Vaidyanathan	Member, Managing Director

Borrowing & Securities Allotment Committee

The Borrowing & Securities Allotment Committee is in place to approve fresh borrowings from banks and financial institutions and also to empower designated individuals in the senior management to finalize the terms and conditions relating to the proposal under consideration and for allotment of Securities.

The Borrowing & Securities Allotment Committee met on the following dates during the financial year 2020-21:

28-05-2020	10-06-2020	20-06-2020	23-07-2020	31-07-2020
13-08-2020	03-09-2020	28-09-2020	12-11-2020	09-12-2020
28-12-2020	18-01-2021	28-01-2021	04-02-2021	12-02-2021
25-02-2021	11-03-2021	24-03-2021	29-03-2021	30-03-2021

Composition of the Borrowing Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. S V Raja Vaidyanathan	Chairman, Managing Director
Mr. A. Ramanathan	Member, Independent Director
Mr. B N Raveendra Babu	Member, Joint Managing Director
Mr. V.P. Nandakumar	Member, Non - Executive Director

Risk Management Committee and Asset Liability Committee

The risk management framework is perhaps one of the most important parameters that define the success of a financial services organization. A risk management programme establishes a process of identifying and assessing the major risks covering all areas of the institution's activities. The Board of Directors is responsible to ensure that management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit function as one of the Board of Director's responsibilities. The Board has constituted Risk Management Committee to ensure proper management of risk in the Company.



The Risk Management Committee met two times on following dates during the financial year 2020-21:

S. No.	Date of Meeting
1	Tuesday, August 25, 2020
2	Thursday, December 24, 2020

Composition of the Risk Management Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. Gautam Saigal	Chairman, Non - Executive Director
Mr. Abhijit Sen	Member, Independent Director
Mr. B N Raveendra Babu	Member, Joint Managing Director
Mr. D. R. Dogra	Member, Independent Director
Mr. S V Raja Vaidyanathan	Member, Managing Director
Mr. T. M. Manoharan	Member, Independent Director
Mr. Robert K P	Member cum Secretary of the Committee, CRO

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

During the financial year 2020-21, the Asset Liability Committee met eleven times on the following dates:

28-05-2020	01-07-2020	22-07-2020	18-08-2020	16-09-2020	15-10-2020
30-11-2020	22-12-2020	27-01-2021	25-02-2021	26-03-2021	-

Composition of the Asset Liability Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. S V Raja Vaidyanathan	Chairman, Managing Director
Mr. B N Raveendra Babu	Member, Joint Managing Director
Mr. S. Ramachandran, COO	Member, COO
Mr. Yogesh Udhoji	Member and Secretary of the Committee, CFO

IT Strategy Committee

IT Strategy Committee was constituted as per the RBI Master Directions on IT Framework for NBFC Sector. The Constitution of IT Strategy Committee is mandatory for the Company.

During the financial year 2020-21, the IT Strategy Committee met three times on the following dates:

S. No.	Date of Meeting
1	Monday, May 04, 2020
2	Tuesday, September 29, 2020
3	Tuesday, January 05, 2021

Composition of the IT Strategic Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. Subrata Kumar Atindra Mitra	Chairman, Independent Director
Mr. A. Ramanathan	Member, Independent Director
Mr. BN Raveendra Babu	Member, Joint Managing Director
Mr. S V Raja Vaidyanathan	Member, Chief Information Officer, Managing Director
Mr. Anand Sharma	Chief Technology Officer



Management Committee

For ensuring effective management of overall operations of the Company, the Management Committee was constituted. The said Committee meets from time to time for monitoring the activities of various departments of the Company in order to ascertain that procedures/ codes of the Company are adhered effectively.

During the Financial Year, the said Committee met once i.e., on February 26, 2021.

Further, the composition of Management Committee as on March 31, 2021 are as follows:

Name of the Director	Category
Mr. Abhijit Sen	Chairman, Independent Director
Mr. A. Ramanathan	Member, Independent Director
Mr. B N Raveendra Babu	Member, Joint Managing Director
Mr. D. R. Dogra	Member, Independent Director
Mr. Gautam Saigal	Member, Non-Executive Director
Mr. S V Raja Vaidyanathan	Member, Managing Director

Remuneration to Directors

Details of remuneration of the Directors for the financial year ended March 31, 2021:

Name of the Directors	Salary, Perquisite & Pension (Rs)	Commission paid during the year(Rs)	Stock Options	Shareholding (Equity) (No.)
Mr. V.P. Nandakumar	-	-	-	1,43,391
Mr. S V Raja Vaidyanathan	1,98,95,232	1,50,00,000	-	24,51,977
Mr. B N Raveendra Babu	90,15,000	60,00,000	-	50,166
Mr. Gautam Saigal	-	10,00,000	-	40,993
Mr. T. Balakrishnan	-	10,00,000	-	-
Mr. A. Ramanathan	-	10,00,000	-	32,000
Mr. Desh Raj Dogra	-	10,00,000	-	-
Mr. T.M. Manoharan	-	10,00,000	-	-
Mrs. Pushya Sitaraman	-	10,00,000	-	-
Mr. S. K. Mitra	-	10,00,000	-	-
Mr. Abhijit Sen	-	10,00,000	-	-

Disclosure under Schedule V of the Companies Act, 2013

1. All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors:

- (i) The Members at its Meeting held on May 21, 2021 had approved the following remuneration of Mr. S.V. Raja Vaidyanathan, Managing Director of the Company with effect from April 01, 2021:
 - a) Fixed Salary: Rs.2,31,84,000 (Rupees Two Crore Thirty One Lakh and Eighty Four Thousand Only) ("Fixed Component");
 - b) Variable Salary: The following shall be the variable component of the salary, paid in addition to the Fixed Component ("Variable Salary"):
 - Not exceeding 1% of net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013. The quantum of commission to be determined by the Board of Directors subject to the norms framed by the Board from time to time
 - c) Expenses Reimbursement: The Company will reimburse all reasonable expenses incurred by Mr. S. V. Raja Vaidyanathan, during the course of the employment period which are consistent with Company policies in effect from time to time;
 - d) Contribution to Pension Fund, Superannuation Fund, Gratuity Fund, Encashment of leave at the end of the tenure of appointment as per the rules of the Company (These shall not be included in the computation of remuneration or ceiling on the perquisites).
- (ii) The Members at its Meeting held on May 21, 2021 had approved the appointment of Mr. B. N. Raveendra Babu as Managing Director at the following remuneration:
 - a) Fixed Salary: Rs.1,24,20,000 (Rupees One Crore Twenty Four Lakh and Twenty Thousand Only) per annum with effect from July 01, 2021 with an annual increment of 6,00,000/- (Rupees Six Lakh Only) ("Fixed Component")
 - b) Variable Salary: The following shall be the variable component of the salary, paid in addition to the Fixed Component ("Variable Salary"):
 - Commission: Not exceeding 1% of net profits of the Company calculated as per the provisions of Section 198 of the Companies Act, 2013. The quantum of commission to be determined by the Board of Directors subject to the norms framed by the Board from time to time;
 - c) Other Benefits:
 - Retirement Benefits / Perquisites Contribution to PF:@ 12% of the monthly salary
 - Employee Stock Option Plan: Eligible to the extent of number of shares arising based on options approved to be issued by the Nomination & Remuneration Committee of the Company.



- Contribution to Pension Fund, Superannuation Fund, Gratuity Fund, Encashment of leave at the end of the tenure of appointment as per the rules of the Company (These shall not be included in the computation of remuneration or ceiling on the perquisites)
- Medical Reimbursement Expenses: For self and family including premium payable for medical insurance
- Personal Accident Insurance: As per the rules of the Company
- Leave Travel Concession: For self and family once in a year as per the rules of the Company
- Fee for Clubs: Subject to maximum of two clubs excluding admission and life membership fees
- Others: Such other allowances, perquisites, benefits and amenities as may be provided by the Company from time to time.

2. Details of fixed components and performance linked incentives along with the Performance Criteria:

- a) The criteria for making payment of commission to Non-Executive Directors including Independent Directors are based on the profit made by the Company during the Financial Year.
- b) The criteria for making payment to Executive Directors as mentioned in point no. 1.

3. Service contracts, notice periods, severance fees:

- Employment contract with Mr. B. N. Raveendra Babu as Managing Director is for 4 years with effect from July 01, 2021 and term of Mr. S. V Raja Vaidyanathan was extended till June 30, 2021. Notice Period for Mr. S. V. Raja Vaidyanathan and Mr. B. N. Raveendra Babu are six months and three months, respectively;
- Non-Executive Directors - As specified in the Appointment Letters and Deed of Covenant executed with Non-Executive Directors including Independent Directors.

4. Stock options, details, if any and whether issued at discount as well as the period over which accrued and over which exercisable

The Company has not issued any stock options to the Directors of the Company.

Pecuniary relationship or transactions of the Non-Executive Directors with the Company:

During the year under review, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from payment of Commission as disclosed herein above and sitting fee.

Details of General Meeting

During the financial year 2020-21, 13th Annual General Meeting was held on August 25, 2020. The details are given below:

Sl. No	Meeting	Date & Time	Venue
1	Annual General Meeting	August 25, 2020 at 10.00 AM	Door No.9, 10th Floor, Club House Road, Anna Salai, Chennai- 600002 (THROUGH VIDEO CONFERENCE)

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

General Shareholders Information as on March 31, 2021

Shareholding Category	No of Shares	Shareholding (%)
Body Corporate	5,05,33,878	94.79
Others	27,78,009	5.21
Total	5,33,11,887	100.00

For and on behalf of the Board of Directors
ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)
Chairman
DIN: 00044512

(S V Raja Vaidyanathan)
Managing Director
DIN: 01467098

Date : May 24, 2021

Place : Chennai

Remuneration Details of Directors, Kmps, and Employees as on March 31, 2021

Sl. No	Particulars	Disclosures								
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	4488779:15419								
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table border="1"> <thead> <tr> <th>KMP</th> <th>% increase in remuneration</th> </tr> </thead> <tbody> <tr> <td>MD</td> <td>- 6.3%</td> </tr> <tr> <td>CFO</td> <td>- 17.3%</td> </tr> <tr> <td>CS</td> <td>- 8.7%</td> </tr> </tbody> </table>	KMP	% increase in remuneration	MD	- 6.3%	CFO	- 17.3%	CS	- 8.7%
KMP	% increase in remuneration									
MD	- 6.3%									
CFO	- 17.3%									
CS	- 8.7%									
3.	The percentage increase in the remuneration of employees in the financial year.	15%								
4.	The number of permanent employees on the rolls of the Company	7233 employees as on March 31 2021.								
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The Average increase in the salary of the employees is 13.7% in comparison from last financial year.								
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms remuneration is as per the remuneration policy of the Company.								

Employees Employed throughout the Financial Year and Drawing a Remuneration of 1.02 Crore or Above Per Annum as on March 31, 2021:

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 20-21
S V Raja Vaidyanathan	Managing Director	Appointed by Board for a term of three years till 30th June, 2021	66	29.08.2007	B. Tech (IT Madras), MBA (IIM Calcutta), AICWAI & ACS Experience: 42 years	President Reliance Industries Limited	4.60%	No	Rs. 3,48,95,232

Employees Employed for a Part of the Financial Year and Drawing a Remuneration of not less than Eight Lakhs and Fifty Thousand Rupees per Month as on March 31, 2021

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 20-21
B N Raveendra Babu*	Joint Managing Director	Appointed by Board for a term of Five years till 30th May, 2025	69	01.06.2020	Master's Degree in Commerce (Certificate from Institute of certified Management Accounts UK) Experience: 29 years	Executive Director – Manappuram Finance Limited	0.09%	No	Rs. 1,50,15,000

* Post closure of Financial Year, he was appointed as Managing Director with effect from July 01, 2021, upto June 01, 2025





Remuneration Details of Top Ten Employees as on March 31, 2021

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 20-21
Ramachandran S	Chief Operating Officer	Full Time	55	02-May-17	Chartered Accountant, B.com, Experience – 29 years	People Combine	Nil	No	75,59,108
Anand Sharma	Chief Technology Officer	Full Time	50	01-Dec-16	Master Of Computer Science, Experience – 21 years	Equitas Small Finance Bank	Nil	No	74,50,040
Yogesh Ratnakar Udhoji	Chief Financial Officer	Full Time	50	16-Sep-19	Chartered Accountant, Experience – 20 years	Easy Home Finance Ltd	Nil	No	65,89,740
Bikram Mishra	Chief Human Resources Officer	Full Time	51	21-May-18	Master Of Business Administration, Experience 24 years	Equitas Small Finance Bank	Nil	No	39,32,632
Venkata Ramana Miriyala	Vice President	Full Time	47	23-Oct-19	Master Of Arts, Experience – 21 years	Equitas Small Finance Bank	Nil	No	38,01,862
Mahesh S G	Chief Business Officer	Full Time	53	26-Mar-19	Bachelor of Commerce, Experience – 28 years	Vistaar Financial Services Pvt. Ltd	Nil	No	37,48,819
Ravindra Goud	Business Head Micro Finance	Full Time	50	06-Jan-20	Master Of Business Administration, Experience 23 years	Origo Finance Pvt Ltd	Nil	No	35,26,092
Sriram Balakrishnan	Senior Vice President	Full Time	54	15-Feb-19	Master Of Business Administration, Experience – 15 years	Western India Transport Finance Co Pvt Ltd	Nil	No	29,19,210
Kalivarathan K	Vice President	Full Time	48	04-Sep-19	Master Of Arts, Experience – 19 years	Belstar Microfinance Limited	Nil	No	28,36,201
Bhagavati Vasudeva Rao Bommana	Head – Internal Audit	Full Time	48	26-Feb-20	Master Of Business Administration, Experience – 16 years	Svamaan Financial Services Pvt Ltd	Nil	No	25,79,758

For and on behalf of the Board of Directors

ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)
Chairman
DIN: 00044512

(S V Raja Vaidyanathan)
Managing Director
DIN: 01467098

Date : May 24, 2021
Place : Chennai



ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR Policy

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee (CSR Committee). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities are submitted to the Board for approval. The Committee has framed a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitors CSR policy from time to time.

2. Compositions of the Corporate Social Responsibility Committee are as follows:

SL No	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mrs. Pushya Sitaraman	Chairperson, Independent Director	2	2
2	Mr. S.V. Raja Vaidyanathan	Member, Executive Director	2	2
3	Mr. A Ramanathan	Member, Independent Director	2	1*
4	Mr. B N Raveendra Babu	Member, Executive Director	2	1*
5	Mr. T M Manoharan	Chairman, Independent Director	2	1*

*CSR Committee reconstituted on June 26, 2020

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee is available on the company's website at <https://asirvadmicrofinance.co.in/sub-committee/>

The CSR Policy of the Company as approved by the Board of Directors is available on the Company's website at <https://asirvadmicrofinance.co.in/csr-policy/>

The CSR projects approved by the Board of Directors is available on the Company's website at <https://amcdn.b-cdn.net/img/CSR-Annual-Action-Plan.pdf>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if any - NA.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any- NA

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	-	-	-
2	-	-	-
3	-	-	-
	TOTAL	-	-

6. Average net profit of the company for last three financial years : Rs.1,63.69 Crores

7. (a) Two percent of average net profit of the company as per section 135(5) : Rs. 3.27 Crores

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. -NA

(c) Amount required to be set off for the financial year, if any-NA

(d) Total CSR obligation for the financial year (7a+7b-7c). : Rs. 3.27 Crores

8. (a) CSR amount spend or unspent for the financial year:

Total Amount spent for the Financial Year (in Cr.)	Amount Unspent (in Cr)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
3.45	-	-	-	-	-



(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl.No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No).	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number
1.	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation-Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1.	Prevention of Covid-19 (Dream Runners Foundation)	Preventive Health Care	Yes	Tamil Nadu	Chennai	11,00,000	No	Manappuram Foundation	CSR00004545
2.	Mukundapuram Public School	Promotion of Education	Yes	Kerala	Thrissur	1,30,75,000	No	Manappuram Foundation	CSR00004545
3.	Digital Literacy (Snehapoorvam Educational Charitable Trust)	Promotion of Education	Yes	Kerala	Thrissur	35,00,000	No	Manappuram Foundation	CSR00004545
4.	Mageet Public School	Promotion of Education	Yes	Kerala	Thrissur	10,00,000	No	Manappuram Foundation	CSR00004545
5.	Badminton Court Construction	Sports / Community	Yes	Kerala	Thrissur	52,49,870	No	Manappuram Foundation	CSR00004545
6.	Siliguri Eye Hospital	Preventive Health Care	Yes	West Bengal	Siliguri	15,00,000	No	Manappuram Foundation	CSR00004545
7.	Neonatal Ambulance Service	Preventive Health Care	Yes	Kerala	Thrissur	51,16,413	No	Manappuram Foundation	CSR00004545
8.	PM care Fund	Preventive Health Care	Yes	NA	NA	20,00,000	Yes	NA	NA
9.	Scholarship under Student Scholarship Scheme	Promotion of Education	Yes	Tamil Nadu	Chennai	9,000,00	No	Asirvad Development Foundation	CSR00006030
		TOTAL				3,34,41,283			

- (d) Amount spent in Administrative Overheads - Rs. 10,12,717
(e) Amount spent on Impact Assessment, if applicable - Nil
(f) Total amount spent for the Financial Year (b+c+d+e) - Rs. 3,44,54,000
(g) Excess amount for set off, if any - Nil

Sl.No.	Particular	Amount (in Cr.)
(i)	Two percent of average net profit of the company as per section 135(5)	3.2738
(ii)	Total amount spent for the Financial Year	3.4454
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.1716
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.1716



9 (a) Details of Unspent CSR amount for the preceding three financial years:

Sl.No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl.No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed/ Ongoing
1.	-	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-	-
	TOTAL	-	-	-	-	-	-	-

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

Sl No	(a) Date of creation or acquisition of the capital asset(s)	(b) Amount of CSR spent for creation or acquisition of capital asset (in Rs.)	(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)
1	26.03.2021	9,93,000	Mukundapuram Educational and Cultural Society MECS Complex, Kallamkunnu Road, Nadavaramba P O, Thrissur District, Kerala – 680 661	Digital Library and Space Museum at Mukundapuram Public School situated at Kallamkunnu Road, Nadavaramba P O, Thrissur District, Kerala – 680 661
2	10.11.2020	35,00,000	Snehapoorvam Educational Charitable Society Reg No. 88/15/IV Civil Station Road, Chungam, Ayyant-hole P O, Thrissur, Kerala - 680003	Civil Service Academy and Digital Literacy Head Quarters located at MG Road, Thrissur
3	09.03.2021	52,49,870	Manappuram Foundation V/104, Manappuram House, Valapad, Thrissur, Kerala – 680 567	Badminton Court located at Painoor, Valapad
4	10.03.2021	51,26,423	Manappuram Foundation V/104, Manappuram House, Valapad, Thrissur, Kerala – 680 567	3 Neonatal Ambulances – Valapad

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). – NA

For and on behalf of the Board of Directors
ASIRVAD MICRO FINANCE LIMITED

Pushya Sitaraman
Chairperson of CSR Committee
DIN: 06537196

S V Raja Vaidyanathan
Managing Director
DIN: 01467098

Date: May 24, 2021
Place: Chennai



Form No. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
Asirvad Micro Finance Limited
Regd. Office:
Deshbandhu Plaza, First Floor
No. 47, Whites Road
Chennai - 600014

1. I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Asirvad Micro Finance Limited (hereinafter referred as the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

2. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the "Financial Year" ended on 31st March, 2021, (i.e. from 1st April, 2020 to 31st March, 2021) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of

- A. The Companies Act, 2013 (the "Act") and the rules made thereunder;
- B. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- D. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Over seas Direct Investment and External Commercial Borrowings;
- E. Reserve Bank of India - NBFC (Non-Banking Financial Companies) norms, directions, regulations, circulars etc.
- F. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

4. I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Ltd.

5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

6. I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on the basis of the management representation that the Company has complied with all the industrial specific applicable laws.

7. I further report that,

- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



- (ii) Adequate notices are given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- (iii) All the decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings.

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

9. I further report that during the audit period, the Company has undertaken the following reportable events:

- (i) During the year ended 31st March, 2021, the Company issued and allotted the following Non-convertible Debentures:

S No.	Type of Debentures Allotted	Date of Allotment	No. of Debentures
1.	Secured, Senior Rated, Taxable, Transferable, Listed, Redeemable, Non-Convertible Debentures	28-May-20	500
2.	Secured, Senior, Rated, Listed, Taxable, Transferable, Redeemable, Non-Convertible Debentures	29-May-20	200
3.	Secured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	12-Jun-20	250
4.	Secured, Rated, Listed, Senior, Redeemable, Non-Convertible Debentures	22-Jun-20	500
5.	Secured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	26-Jun-20	850
6.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	24-Jul-20	250
7.	Secured, Senior, Redeemable, Non-Convertible, Rated, Listed, Transferable, Taxable Debentures	06-Aug-20	1,000
8.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	08-Sep-20	500
9.	Secured, Senior, Rated, Listed, Redeemable, Transferable, Taxable, Non-Convertible Debentures	19-Nov-20	1,500
10.	Secured, Rated, Listed, Redeemable, Taxable, Non-Convertible Debentures	14-Dec-20	1,000
11.	Secured, Senior, Rated, Listed, Redeemable, Taxable, Transferable, Non-Convertible Debentures	30-Dec-20	750
12.	Unsecured, Senior, Rated, Listed, Redeemable, Non-Convertible Debentures	05-Feb-21	7,500
13.	Unsecured, Unsubordinated, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures	03-Mar-21	1,000
14.	Unsecured, Unsubordinated, Rated, Listed, Redeemable, Non-Convertible Debentures	08-Mar-21	500
15.	Unsecured, Subordinated, Rated, Listed, Redeemable, Non-Convertible Debentures	26-Mar-21	10,000
16.	Rated, Unlisted, Senior, Secured, Taxable, Transferable, Redeemable Non-Convertible Debentures	30-Mar-21	500

- (ii) Members of the Company at the Annual General Meeting held on 25th August, 2020 accorded their approval to the Board
- a) to borrow by issue of Non-convertible debentures and Commercial Papers, for the purpose of Company's business, in the case of Non-convertible debentures upto an aggregate amount not exceeding Rs.3,000 Crores and in the case of Commercial Papers upto an aggregate amount not exceeding Rs.1,000 Crores u/s 42, 71 of the Companies Act, 2013 and read with other provisions as well as rules made thereunder.
- (b) to borrow money over and above the paid-up share capital, free reserves and securities premium of the Company, upto an aggregate amount not exceeding Rs.7,500 Crores,
- (iii) Members of the Company at the Annual General Meeting held on 25th August, 2020 accorded their approval to the appointment of
- a) Mr. Subrata Kumar Atindra Mitra as an Independent Director of the Company effective from 25th August, 2020 and for a term up to 31st December, 2022.
- b) Mr. Abhijit Sen as an Independent Director of the Company for a term of 5 years with effect from 25th August, 2020.
- c) Mr. B N Raveendra Babu as Joint Managing Director and Key Managerial Personnel for a period of 5 years with effect from 1st June, 2020.

Signature:

Hari. S

Practising Company Secretary

Membership No. FCS 821

Certificate of Practice No. 4276

UDIN: F000821C000208182

Place: Chennai

Date: 29.04.2021



To
The Members
Asirvad Micro Finance Limited
Deshbandhu Plaza, First Floor
47, Whites Road,
Chennai 600 014.

My secretarial audit report is to be read along with this letter.

- a. Maintenance of secretarial and other records is the responsibility of the management of the Company. My responsibility is to express an opinion on the relevant records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial, tax records and books of accounts of the Company.
- d. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of the procedures on test/sample basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Hari. S

Practising Company Secretary

Membership No. FCS 821

Certificate of Practice No. 4276

UDIN: F000821C000208182

Place: Chennai

Date: 29.04.2021



**DETAILS OF THE EMPLOYEES STOCK OPTION SCHEME IN TERMS OF RULE 12 (9)
OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014**

The Company has granted the options under "Asirvad Employee Stock Option Scheme, 2019" and following are the details:

Option granted	6,55,000 Options (Outstanding as on April 01, 2020)
Options vested	-
Options exercised	-
The total no. of shares arising as a result of exercise of option.	-
Option lapsed	1,42,500 Options
The exercise price	Rs.364/ per option/ equity
Variation of terms of option	-
Money realized by exercise of options	-
Total no. of options in force	5,12,500 (Outstanding as on March 31, 2021)
Employee wise details of options granted to:-	
a) KMP	Nil
b) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	*Mr. Ramachandran S, Chief Operating Officer of the Company was granted 50,000 ESOPs which is more than 5% of the total options granted
c) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

*Mr. Ramachandran S. has resigned from the Company with effect from April 16, 2021

For and on behalf of the Board of Directors
ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)
Chairman
DIN: 00044512

(S V Raja Vaidyanathan)
Managing Director
DIN: 01467098

Date: May 24, 2021
Place: Chennai

**ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO****A. CONSERVATION OF ENERGY**

- i. the steps taken or impact on conservation of energy

Asirvad in partnership with Microenergy Credits (MEC) committed to reduce the carbon emission from environment by way of distributing/facilitating/promoting products, which can reduce emission such as solar lantern, improved cook stoves or water purifiers and the same is part of the Global Clean & Renewable Energy program under UNFCCC.

- ii. the steps taken by the company for utilising alternate sources of energy

Clean energy is more affordable than fossil fuels on a lifecycle basis, but the upfront cost of such technologies is prohibitive to most households. Access to financial aid can drive households to adopt clean energy and save money in their first month. MEC works by partnering with Micro Finance Institutions and NBFCs which already serve low income and rural households. MEC provides technical & operational assistance to help the MFIs increase the use of energy efficient products among people.

In this partnership, Asirvad has committed to distribute/facilitate/promote products which can reduce emission such as solar lantern, improved cook stoves or water purifiers.

- iii. the capital investment on energy conservation equipments

There was no capital investment spent on energy conservation investments as company acts as a facilitator.

B. TECHNOLOGY ABSORPTION

- i. the efforts made towards technology absorption

Asirvad Micro Finance Limited is one of the first NBFC-MFIs to develop and work a centrally overseen programming application and every one of its all branches overworking online with direct admittance to the centrally facilitated applications, through cloud environment. We are redesigning the infrastructure and renovating the application continually for improvement. Ensuring and updated up by data security also help the arrangement and simplicity of use of innovation.

- ii. the benefits derived like product improvement, cost reduction, product development or import substitution

The Company keeps on separating itself from other market runners by ceaselessly developing new technological area stages to offer simplicity of tasks and straightforwardness for its clients, these cutting-edge advancements are ready to totally change the MFI industry. In any case, we are making do on the focal point of redesigning our branch tasks by utilizing most recent advances like RPA, AI/ML, Blockchain, IOT, Rule-based software engines as a way forward.

- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

- a) the details of technology imported
 b) the year of import
 c) whether the technology been fully absorbed
 d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
 Not Applicable

- iv. the expenditure incurred on Research and Development

Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings during the year was NIL and outgo were as follows:

Nature	Currency	Amount in INR
Upfront Fee	EUR	95,86,788.00
Upfront Fee	EUR	23,43,716.83
Rating Fee	EUR	1,44,003.48
Interest	EUR	3,28,88,066.00
Interest	EUR	90,46,207.00

For and on behalf of the Board of Directors

ASIRVAD MICRO FINANCE LIMITED

(V P Nandakumar)

Chairman

DIN: 00044512

(S V Raja Vaidyanathan)

Managing Director

DIN: 01467098

Date: May 24, 2021

Place: Chennai

12

CLEAN ENERGY PROGRAM



CLEAN ENERGY PROGRAM – ASIRVAD MFI

Being the 4th largest NBFC-MFI, Asirvad has always strived to serve the under privilege community. As part of its CSR policy, Asirvad had included environment sustainability as one of their main goals and this led to work in environment while keeping Customer benefit and satisfaction on top priority.

Working in carbon programs not only gave benefits to our customers but also contributed to the Global emission reduction. In the last one year Asirvad has reduced 3,319,171 tonnes of emission, generating 575 carbon credits.

In the monitoring period ending 26th Dec 2019 (MP10B7 between 26/07/2019 - 26/12/2019) Asirvad generated 575 Tonnes of CO₂e and the expected emission reductions for the monitoring period between 27th Dec 2019 to 26th June 2020 (MP11B7) is expected to be in the range of 14,500 – 15,000 tonnes of CO₂e, while 3,319,171 tonnes of CO₂e have been achieved by MEC at global level through all its MFI partners.

Out of Asirvad's promotions, 98,622 sales have been included into CPA32 which generated 575 tonnes of CO₂e for MP10B7. The revenue has been shared in the month of June'2021. For the monitoring period MP11B7 the expected emission reductions are 14500-15,000 tonnes of CO₂e. The tentative date for revenue share is in Dec'21 for an estimated revenue of \$20,000 - 25,000.CO

The fund received through the carbon program can be utilised for providing essential services like the after sale services, reducing the cost/interest or for the growth of the program in days to come.2

Benefits for Asirvad Members:

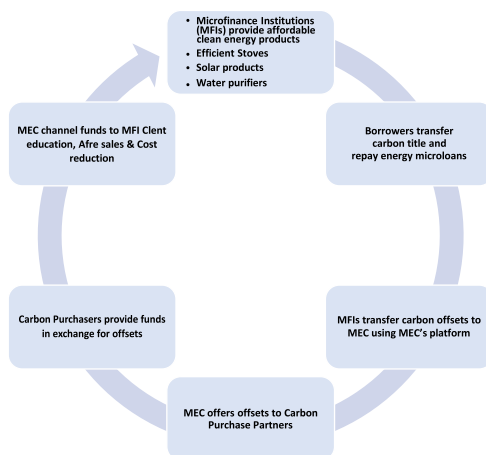
The impact of the carbon program can be measured in various forms like the customer health, environmental impact & customer benefit.

Micro Energy Credits – Carbon Program

Clean energy is more affordable than fossil fuels on a lifecycle basis, but the upfront cost of such technologies is prohibitive to most households. Access to financial aid can drive households to adopt clean energy and save money in their first month. MEC works by partnering with Micro Finance Institutions and NBFCs which already serve low income and rural households. MEC provides technical & operational assistance to help the MFIs increase the use of energy efficient products among people.

MEC work with microfinance institutions to overcome five key barriers to clean energy programs which are, access to clean energy, awareness, training, sustainability and facilitating finance. By working to support local market ecosystems, our program has long term sustainable benefits. We have developed a cloud-based technology, Credit Tracker, which enables extremely clean and error free carbon data tracking.

MEC carbon program cycle -



Benefits of the program:

1. Internal Capacity Building
2. Marketing and Client Awareness
3. Aftersales customer service and maintenance
4. On-lending funds to local SMEs providing clean energy products
5. Lowering interest rates or principal cost to clients



**“You may have to fight a battle
more than once to win it.”**

- Margaret Thatcher



13

HR-Initiatives during Pandemic



Asirvad management has taken timely action to respond to the situation with the help of HR team. The situation was tracked from 1st week of March 2020 itself.

Management has responded swiftly to Phase 1 of Lockdown with immediate actions through forming multiple task forces to monitor external environment with respect to business and employees. HR has aligned management strategy with reciprocated actions of continuous communication, building strong employee connect, driving employee engagement through digital learning initiatives, employee health & safety campaigns.

HR Head released 4 minutes audio message to all employees on 24th March in 12 vernacular languages on employee safety, sanitization measures and benefit assurance during lock down period. Salary for March month was released for all employees on 25th March.

A motivational and employee engagement message from MD was sent on 31st March through electronic mediums to all employees. Specific focus on engaging customer and completing e-learning during lock-down period were emphasized.



Regular communications to employees from COO and Zonal Heads are happening through regional operational leaders and divisional managers



HR has started campaign on employee safety and precautionary measures on daily basis. (E-campaign as well as posters).

HR introduce sanitization campaign for member customers through our FDOs. Campaign on conducting social distancing while during center meeting and collection were introduced which was adopted by other MFI through MFIN.

Corporate communication has released visual communications (posters / videos) on various themes like customer connect, e-learning, social awareness.

Employee connect was introduced to know whereabouts of employees. Appropriate actions were initiated for employees on transit, employees not keeping well and employees on branches.



Web based employee connect application was introduced by IT in collaboration with HR effective 1st April. Area Managers are marking attendance and employee safety status for all field employees while cluster HR are doing employee connect for AM & above and support staffs.



HR persue with HOD to explore 50% reduction in staff congestion at HO and exploring work from home (WFM) option for desk-top oriented roles in 3rd week March.

Renewed group medical claim (GMC) was launched. E-health card were released to all staffs through cluster HRs.

Special tracking of employees on quarantine were introduced. Employee safety report for hotspot areas are introduced to monitor employee's safety.

LOCK DOWN 2.0



While Phase 1 was spent on safeguarding employee's safety, introducing business controls and engaging customers, Phase 2 was to ensure productivity of employees in alternative means like driving learning culture, tracking productivity and transforming business through digital initiatives

HR Team have initiated few additional steps from 1st April 2020

HR brought up modification in web based employee connect exercise to collect employee safety details, health issues including quarantine tracker and positive cases.

E-learning completion drive was initiated among all employees. Tracking of e-learning completion was done on daily basis.

"LMS Brand Ambassadors" campaign were initiated and names of top scorers were published to create competition among employees.

5 Mandatory e-learnings were assigned to all employees of AML. 4 role-based e-learnings and 4 business circulars were assigned to employees of Operation.



We were at very low completion (15%) just before lock-down, we have accomplished the completion above 91% by 18th April 2020.

COURSE ATTENDED STATUS UP TO 23.03.20				
COURSE NAME	TOTAL USERS	ATTENDED	PENDING	% OF COMPLETION
MANDATORY COURSES				
GIFT POLICY	6135	609	5526	10%
INFOSECURITY	6135	687	5448	11%
INSIDER POLICY	6135	943	5192	17%
POSH	6135	743	5392	12%
CIRCULAR- FPC	6135	5089	1046	82%
FUNCTIONAL COURSES				
CGT	2521	418	2103	19%
Mini GBT & GBT	2521	214	2307	9%
Learn Disbursement	2521	218	2303	9%
CENTRE MEETING	2521	548	1973	24%
CIRCULAR COURSES				
CIRCULAR 56	1127	42	1085	4%
CIRCULAR 57	1127	57	1070	5%
CIRCULAR 58	1127	46	1081	4%
CIRCULAR 59	1864	76	1788	4%
Grand Total	48604	9386	39218	19%

COURSE ATTENDED STATUS UP TO 18.04.20				
COURSE NAME	TOTAL USERS	ATTENDED	PENDING	% OF COMPLETION
MANDATORY COURSES				
GIFT POLICY	6135	5630	525	91%
INFOSECURITY	6135	5045	1090	82%
INSIDER POLICY	6135	5446	689	89%
POSH	6135	5113	1022	83%
CIRCULAR- FPC	6135	5873	262	96%
FUNCTIONAL COURSES				
CGT	2521	2447	74	97%
Mini GBT & GBT	2521	2392	129	95%
Learn Disbursement	2521	2406	115	95%
CENTRE MEETING	2521	2438	83	97%
CIRCULAR COURSES				
CIRCULAR 56	1127	1052	75	93%
CIRCULAR 57	1127	1065	62	94%
CIRCULAR 58	1127	1049	78	93%
CIRCULAR 59	1864	1778	86	95%
Grand Total	48604	41314	4290	91%

We have initiated MFIN driven on-line course and MFI Certification effective from 08th April 2020. 51% of our field employees are already got certified within weeks' time. We are aimed to reached 100% by 24th April 2020.

Additional role-relevant e-learning courses (5 each) have been assigned to all field support roles (Audit / Accounts/ DEO/ Admin) and Functional supports (HO Staffs).

On-line courses assigned to Finance, Analytics, HR are being tracked, we are driving certification by each of these employees.

Each HODs of function were advised to utilize resources effectively, productivity trackers being reviewed. Unoccupied/ partially occupied resources are assigned to project leaders driving few special projects.

Departments are getting reviewed by MD and respective CXOs on regular basis.

MFIN Certified Professionals from AML as on 15.04.2020	
Language	Certified Employees
Assamese	36
Bengali	220
English	261
Hindi	1658
Kannada	158
Odia	139
Punjabi	18
Tamil	618
Grand Total	2798



Productivity



Field support employees were reviewed on job occupancy and work supervision. Employees with partial occupancies were assigned to do customer connect exercises.

On-line IJP process rolled out for mid-level roles (BM/AM) using on-line assessment and digital interviews using zoom/webex to resource pipeline ready for Q1 manpower requirements.

HR have initiated virtual sourcing and selection process for fresher hires using digital solution. Pool of 340+ shortlists have been created in tenured business segments.

All statutory payments (PF / ESI / PT) are completed on time.

Employee's Insurance claims for medical / death cases are settled on time with employees or families.



WB/Assam/Tripura: Operation Managers connected with Parent of employees to increase social awareness, understanding current status, sharing Asirvad's business, employee benefit schemes etc.

Odisha: Message from Operation Leader to parents in vernacular language with assurances and social awareness.

Tamilnadu: Operation Excellence Drive– Daily quiz contest on various operation and service-related situation(s) to improve operation knowledge among staffs.

Post lock-down preparatory exercise are initiated. Permanent Residence analysis were done to map with green zone branches. Employees are currently engaged to resume operation



SOP being prepared for employees to resume operation.

COVID WAVE II - Preparedness and Initiatives (Mid-April to 1st week of June 2021)

We have been driving safety awareness campaign through Asirvad Connect and social mediums for employees to follow COVID appropriate behaviors. SOPs are released to ensure maximum safety for self, colleagues, family members and customers.

We have decided following preventive measures to ensure health and safety of our colleagues.

- ♦ Compulsory periodic sanitization at branches and for usage for staffs and customers at our offices / branches.
- ♦ Company sponsored RT PCR for staffs in addition to quarantine related supports.
- ♦ Support of maximum of Rs.10,000/- for medicine and immunity supplements to support during recovery.
- ♦ Cashless hospitalization using group medical claim (GMC) policy for critical cases.
- ♦ Vaccination reimbursement up to Rs.800/- to all staffs.
- ♦ Kitchen provision at branches in event of lock-down / quarantine situation.

We are currently driving vaccination program across 23 states aiming 75% coverage before end of July 2021. We are already at 35% coverage for staffs with 18+ age and 100% coverage for staffs with 45+ age (7th Jul 2021)

Corporate Social Responsibility

We have launched COVID awareness campaign through various social mediums including your tube channel. Our loan officers had also started connecting to customers for awareness on precautionary steps for COVID and post covid remedies.

We have launched few COVID awareness health camps where sanitization materials were distributed.

14

Management Discussion Analysis



MANAGEMENT DISCUSSION ANALYSIS

Industry Overview

Microfinance is the provision of small credit to the low-income individuals or groups who otherwise would have no other access to financial services. Loans are extended to such section of the society who lost out on formal credit for want of a collateral support. It is here that Microfinance steps in, providing 'micro' credit with no collateral whatsoever.

The last few years saw the micro-credit industry mainstreaming with the broader financial sector. Some of the largest NBFC-MFIs became Banks or Small Finance Banks (SFBs) and some were bought over by Banks and large NBFCs. Banks and NBFCs also started building their own micro-credit portfolio, through Business Correspondent partnerships. As a result of mainstreaming, micro-credit sector today is competitive and served by a diverse set of players - Banks, SFBs, NBFC-MFIs, BCs and NBFCs.

Outside of these microfinance providers, there exists a strong ecosystem of other stakeholders including the regulators, the Government, financial institutions, credit bureau, employee bureau, rating agencies and others which play an important role in the delivery of Microfinance.

As on 31 March 2021, 13 Banks hold the largest share of portfolio in micro-credit with total loan outstanding of Rs.1,13,271 Cr, which is 43.67% of total micro-credit universe. NBFC-MFIs are second largest provider of micro-credit with a loan amount outstanding of Rs 80,549 Cr, accounting for 31.05% to total industry portfolio. SFBs have a total loan amount outstanding of Rs 41,170 Cr with total share of 15.87. NBFCs account for another 8.36% and Other MFIs account for 1.05% of the universe.

Apart from MFI's, NABARD SHG Bank Linkage Programme (SBLP) also contributes significantly to the microfinance universe. As on 30 September 2020, around 61.9 lakhs SHG's had an outstanding portfolio of Rs 108,578 Cr with them.

As on 1st March 2021

Types of Entity	No of Entities	Unique Borrowers (Cr)	Active Loan Accounts (Cr)	Portfolio O/s (Cr)
NBFC - MFIs	85	2.59	3.69	80,549
Banks	13	2.86	4.27	1,13,271
SFB	8	1.47	1.80	41,170
NBFC	53	0.84	0.92	21,673
Others	29	0.13	0.15	2,714
Total	188	5.93	10.83	2,59,377

Source: MFIN

Operations

Asirvad Micro Finance Limited ("the Company/ AMFL") had formed considerable base in earlier years, which helped the Company to reach top 4 NBFC-MFIs in India in terms of Asset Under Management (AUM). During the year, AMFL had achieved multiple milestones of serving over 2.4 million clients, crossing INR 5,900 crore AUM, crossing the count of 1,000 branches and gross income exceeding INR 1,000 crores.

As on March 31, 2021, AMFL operated through 1,025 branches across 20 States and 2 Union Territories with presence in 316 districts, with clients of 2.4 million spread across over 2 lakh centres serviced by over 7,233 staffs, majority of them in the field.

AMFL invested in upgradation of its technology to serve its clients faster and digitized its operations to reduce paper work and TAT to customers.

Operations Highlights

AMFL continued to achieve higher business volumes through its multi-state operations. It has disbursed INR 35,965 million to 1,052,227 clients during the year. AUM stood at INR 59,846 million as against INR 55,026 million, with a growth of 8.80%. All India Business Operations is divided in 6 zones, 10 regions, 20 territories and 89 divisions.

The Company has 10 States with more than INR 200 crore portfolio each and having more than 1 lakh members in such states. AMFL continued to follow its risk management practices of spreading its business risk across states and further getting into district level risk concentration during the year. It had also centralized exceptional loan approval at Head office for better control and supervision.

Financial Highlights

(Rs. in Crores)

Particulars	March 2021	March 2020	March 2019	March 2018	March 2017	March 2016	March 2015	March 2014
Paid up Capital	53.31	53.31	53.31	32.07	26.28	26.27	20.76	8.07
Asset Under Management	5,984.62	5,502.64	3,840.78	2,437.20	1,795.94	998.81	322.00	188.80
Borrowings	4,627.17	4,500.65	3,418.05	2,400.77	1,592.70	778.32	240.17	165.29
Total Revenue	1,077.18	1,101.44	740.45	469.59	363.42	156.09	67.33	37.30
Profit after tax	16.88	235.33	151.64	(9.29)	34.34	23.96	10.40	4.70
Total Comprehensive Income	15.99	235.10	151.85	(9.06)	NA	NA	NA	NA
Total Assets	5,825.59	5,912.46	4,257.66	2,705.63	1,961.95	1,044.61	368.81	215.44

*AUM includes securitised assets which are derecognised in financial statements.



KEY RATIOS

Ratio	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16
PBT / Total Income	2.85%	28.17%	31.16%	-10.66%	14.39%	23.24%
PBT / Total Assets	0.53%	5.25%	5.42%	-2.00%	2.67%	3.47%
ROE	1.61%	25.52%	27.92%	-11.70%	13.9%	20.3%
Return on Portfolio	0.37%	6.00%	5.18%	-1.53%	2.46%	3.99%
Capital Adequacy	23.33%	25.37%	28.90%	15.19%	20.6%	24.8%
Book Value Rs.	197.97	194.99	150.89	89.59	100.61	87.55
Net Interest Margin	9.92%	10.00%	9.39%	9.86%	9.96 %	9.47%

Assets Under Management

The loan approval process of Asirvad is decentralised, with set overall loan sanction limits, consideration of customer loan track and the loan cycle. During the year, Asirvad's microfinance loan book increased to Rs.5,940.88 Crores from Rs.5,487.93 Crores in the previous year. The increase in the loan book was Rs.452.95 Crores which has been determined after taking into account loan repayments of Rs.2,970.84 Crore (previous year Rs.3,231.03 Crores) and loans written off during the year amounting to Rs.143.46 Crores (previous year Rs.16.14 Crores). The growth in the microfinance loan book, after adding back loans securitised in the preceding twelve months was 8.25%.

During the year, Loan book outstanding for MSME as on March 31, 2021 is Rs.40.35.Cr. The Company's old SME loan book stood at Rs.0.86 Crore as on March 31, 2021.

Securitisation

During 2020-21, the Company securitised its assets worth Rs.444.43 Crores as against Rs.1865 Crores during the previous year. With securitisation, the Company ensures broad basing of the borrowing profile and reduced cost of funds as the underlying assets rank for classification under priority sector lending by the Banks. The outstanding securitised assets portfolio stood at Rs.926.47 crores as on March 31, 2021.

Resource Mobilisation & Treasury Operations

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources. The Company has existing relationship with about 54 lenders across Banks, Financial Institutions, NBFCs and Overseas FI investors, who have sanctioned of Rs.4,454.45 Crores during the year, out of which Rs.3,430.45 Crores has been availed as on March 31, 2021. It includes Rs.1,105 Crores of NCDs issued during the year.

The Funding mix of the company as on March 31, 2021 is given below

Term Loan	57%
Non-Convertible Debentures	26%
Securitization	17%

Investments: The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in mutual funds and/or fixed deposit with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short term instruments. As at March 31, 2021, the investment in fixed deposits free of lien stood at Rs.472.23 Crores.

Provision for Contingencies

During the year, the Company made a provision of Rs.156.35 Crores (previous year Rs.131.23 Crores) excluding write-off of Rs.143.46 Crores through a charge to the Statement of Profit and Loss. The provisioning is made higher than the amount to be provided for as per RBI norms, which requires provisioning of 100% for assets falling due for more than 180 days.

This was done with the objective of further strengthening the Company's balance sheet.

Outlook, Risks and Opportunities

During the end of the year, India went into a lockdown on account of Covid-19 pandemic. Implications of the pandemic was across India, impacted the livelihoods and subsequently income of micro entrepreneurs/low income households. The duration of the pandemic and period of lockdown were the factors affecting the recovery cycle of the micro-finance industry. In the past, the industry has seen black swan events like AP Crisis, demonetization etc and hope that the industry will come to normalcy over a period of time.

Digital collection is an opportunity where a client can pay the instalment through payment gateways other than cash. It will reduce cash carrying risk by staff and time to deposit in banks, provide more time for field operations and reduce cash misappropriation frauds. The Company has started using Asirvad Digi-pay Application to facilitate such payment options and would like to focus on various other options of digital payment.

Human Resources

Asirvad is embarking on a new growth journey, with new aspirations and milestones. The Financial Year 2020-21 has been a very exciting period for the Company. Together as an organization, we continue to soar above challenges such as transformation, governance and several structural changes.

Human Capital:

4,441 candidates joined Asirvad family in FY 2020-21 and the total manpower strength stood at 7,233 PAN India as on March 31, 2021.

Employee Connect Initiatives:

Asirvad strongly believes in creating an environment that ensures last mile connectivity with the field employees. The following are the organisation's communication channels which are varied and each one serves a different purposes.



Know your HR & HR Hour: “Know your HR” poster has been displayed in all branches of Asirvad and a dedicated “HR Hour” for employees to contact their cluster HR Manager for seeking any help and guidance.

Speak-Up: To report anything in confidential, employees can write to speak-up mail id

Asirvad Connect: A quarterly corporate newsletter has been launched for internal and external stakeholders.

Training

Other Training Programmes:

The following are the training programmes conducted during this FY 2020-21.

Activity	No of Programs	No of Participants
Induction & Process Training	210	3265
Branch Manager Readiness Program	18	64
Software Training	18	338
MSME Training	7	107
New Application Workflow Training (MFI)	87	5980

As Asirvad is growing parallel to the technology, we have implemented a Learning Management System, in joint venture with “Sum total” to make learning culture digital in Asirvad. 76,714 courses have been completed by 7108 employees during this Financial Year, with 73 (in %) course completion status.

Certification Through On-Line Courses:

Asirvad employees are encouraged to pursue education and the Company sponsors the same. Below are the details of the successful completion in FY 2020-21:

Higher Education

MBA – 23

BBA – 49

Plus Two : 17

Executive Education

Certificate Program on Advance Treasury and Foreign Exchange Risk Management – 8

Tableau Certification Training Course offered by Simplilearn – 9

Executive Development in Strategic Management – 2

Certified Information Systems Auditor Training – 3

Leadership and Management Certificate Program offered by Wharton University – 1

Information Technology

Asirvad’s Information Technology (IT) philosophy is committed to operate and maintain a well governed, structured and process – oriented IT function that proactively delivers to the strategic and operational requirements for the effective & efficient achievement of our mission & vision, with continuous improvement according to the changes in the Business Processes and Regulatory requirements.

The IT infrastructure is created keeping following key factors:

- Information & Data Security
- Improved operational efficiency
- Efficient portfolio tracking and monitoring
- Better customer service
- Reduced transactional costs
- Compliance with regulatory/ statutory requirements
- Moving towards paperless transactions
- 100% on cloud

The following enhancements were implemented in the Information Technology arena during the year:

As major part of this FY was dwelt under the Covid-19 pandemic, we at Asirvad concentrated in implementation of various IT initiatives which kept up the business drive during the unprecedented lockdown. We had introduced an in-house developed Employee Connect, Customer Connect Apps which helped the Company to keep the track on the well being of the customers and the employees during the nationwide lockdown. We had also introduced Digi Pay App for the customers which enabled the customers the payment of their EMI using various online payment options. A separate App was also provided to the Internal Audit Team to audit the whereabouts of the customer during/post lifting of the lockdown. During this year, we had migrated the Corporate Office network to IPv6, which is compliant with the RBI IT Master Directives. Considering the rapid growth of AUM of the Company and to mitigate the risk on the huge size of data being handled, we have planned and partially migrated to a new, holistic Loan Management System (LMS) during the year under review.

Internal Audit & Controls

Internal audit at Asirvad is an independent, objective assurance and consulting department designed to add value to and improve an organization’s operations. It helps Asirvad accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal auditing achieves this by providing insight and recommendations based on analysis and assessment of data and business processes. With commitment to integrity and accountability, internal auditing provides value to governing bodies and senior management as an objective source of independent advice.



The scope of internal Audit department within Asirvad includes the operations, processes, governance, risk management and management controls over efficiency/effectiveness of operations, including safeguarding of assets. Internal Audit team also conducts proactive fraud audits to identify potentially fraudulent acts; participating in fraud investigations under the direction of fraud investigation professionals and conducting post investigation fraud audits to identify control breakdowns and establish financial loss.

At Asirvad, Internal Audit department does audit of Branch Operations as well as Corporate Audits covering all the key functions. Internal Audit team at the Branch Operations covers the entire business process, and in addition, Special Branch Audits are undertaken as and when required to meet specific requirements of the Company. Based on the risk and occurrence, the Internal Audit observations are broadly categorized into four types of Alerts viz., Critical, High, Medium & Low and these are highlighted to the operations department for compliance. Compliance is critical to the Audit process. In order to ensure that the Branch and Divisional office staff understand the deficiencies and discrepancies regarding documentation, process of operation etc, and compliance of the audit observations are made mandatory.

Risk Management

Asirvad is exposed to various risks that are inherent to any Microfinance business. The major risks are credit risk, operational risk, and liquidity risk. Asirvad has a robust risk management framework in place, which covers the policies, procedures, methodologies and framework established to systematically manage the material risks. The risk management framework is subjected to review and up-gradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry.

The Board of Directors oversee and approve the risk policies and strategies to establish risk management framework and control system in Asirvad. The Risk Management Committee of Board (RMCB) oversees the management of various risks associated with business, systems and processes.

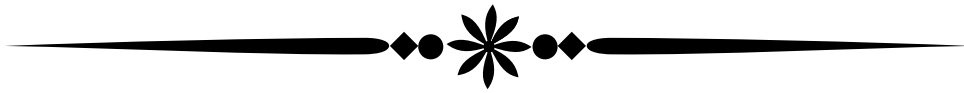
Asirvad has put an improved mechanism in place to manage Credit Concentration Risk, by way of Internal Prudential Exposure Limits framework for geographies. These exposure norms are monitored regularly and risks in the different geographies are monitored continuously, and wherever warranted, the geographies concerned are reviewed immediately.

Liquidity risk is the potential inability to fund increase in assets and decrease in liabilities or meet obligations as they fall due, without incurring unacceptable losses. Asirvad monitors Liquidity Risk through Liquidity Coverage Ratio (LCR), Structural Liquidity Gaps, Dynamic Liquidity monitoring, Liquidity Ratio Analysis, Prudential Limits for negative gaps in various time buckets etc. Asset Liability Management Committee (ALCO) is responsible for monitoring its adherence to liquidity risk and interest rate risk limits.

Asirvad has a comprehensive framework comprising of policies, processes and systems for measurement and management of operational risks. Operational risk is primarily managed by prescribing adequate controls and mitigation measures, which are being reviewed and updated on a regular basis, to suit the changes in business practices, structure and risk profile.

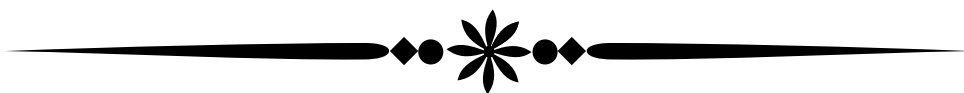
Asirvad has a robust information and cyber security framework for securing its IT infrastructure and systems. Dissemination of information and cyber security awareness among the staffs and customers is undertaken on a regular basis through various modes.

Asirvad has put in place, a comprehensive internal control framework which is supplemented with appropriate procedures across all its business and support activities. The internal controls implemented are intended to manage/ mitigate the risks, ensure compliance with laws and regulations, and provide reliable and timely financial reporting.



**“Persistence and resilience only come
from having been given the chance to
work through difficult problems.”**

- Gever Tulley



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Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

To the Members of Asirvad Micro Finance Limited

Report on the Audit of the Financial Statements

Opinion

- We have audited the accompanying financial statements of Asirvad Micro Finance Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

- We draw attention to Note 51 to the accompanying financial statements, which describes the uncertainties relating to the effects of Covid-19 pandemic on the Company's operations as at 31 March 2021, the extent of which is dependent on future developments, as they evolve. Our opinion is not modified in respect of this matter.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit addressed the Key Audit Matter
(a) Identification & measurement of NPA and Implementation of COVID-19 related packages	
<p>Refer Note 3(i) of significant accounting policies and Note 39 for credit risk disclosures.</p> <p>As at 31 March 2021, the Company has total gross loan assets of Rs. 513,664.06 lakhs (2020: Rs. 452,837.62 lakhs) against which an impairment loss of Rs. 34,144.89 lakhs (2020 Rs. 18,510.11 lakhs) has been recorded.</p> <p>The Expected Credit Loss ('ECL') approach as required under Ind AS 109, Financial Instruments, involves high degree of complexity and requires significant judgement of the management.</p> <p>The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgment include:</p> <ol style="list-style-type: none"> Categorization of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> exposures with Significant Increase in Credit Risk (SICR) since their origination and Individually impaired / default exposures. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL are based on past experience. The impact of different future macroeconomic conditions in the determination of ECL. <p>These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors and a change in such models or assumptions could have a material impact on the accompanying financial statements.</p> <p>Also, during the current year, the Reserve Bank of India ('RBI') issued several guidelines/notifications to NBFCs, as a relief measures to the borrowers, that included:</p>	<p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> Evaluated the Company's accounting policies for estimation of expected credit loss on loan assets in accordance with the requirements of Ind AS 109, Financial Instruments; Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions Evaluated the appropriateness of the Company's process of determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. Assessed the key judgments and assumptions relating to the macro-economic scenarios including the impact of COVID 19 Pandemic, RBI guidelines/notification and the associated probability weights. Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by the RBI and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions. Tested management's computation of ECL by performing following procedures:



<p>a) Regulatory Packages that required NBFCs to provide moratorium in repayment of loans based on certain conditions and the asset classification and provisioning norms to be applied on such loans by NBFCs.</p> <p>b) Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances</p> <p>These factors required the models to be reassessed based on the available information including the additional risk profiling due to the impact of COVID-19 Pandemic, geographical, political and economic risk to measure the ECL.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions. Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.</p> <p>We also draw attention to Note 51 of the accompanying financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2021, as the same is fundamental to the understanding of the users of financial statements.</p>	<ul style="list-style-type: none"> ▪ Evaluated management’s groupings of borrowers on the basis of different product lines and customer segments with different risk characteristics; ▪ Tested classification of loans into various categories based on their past due status and other loss indicators. On a sample basis, inspected the repayment schedule from the underlying borrower agreements and collection made on due dates; ▪ Tested various assumptions for calculation of expected loss viz, probability of default, loss given default, exposure at default, discounting factors applied by the management considering the impact of COVID-19 to such assumptions; ▪ Performed test of details of the input information used in ECL computation on a sample basis. ▪ Tested the arithmetical accuracy of the computation. ▪ Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management. <ul style="list-style-type: none"> • Assessed disclosures included in the financial statements in respect of ECL including the specific disclosure made with regards to the management’s evaluation of the uncertainties arising from COVID-19 and its impact on ECL.
<p>(b) Information Technology (‘IT’) Systems and controls impacting financial reporting and implementation of new Loan Management System:</p>	
<p>The IT environment of the Company is complex and involves independent and interdependent IT systems used in the operations of the Company for processing and recording large volume of transactions at numerous locations, such as loans, interest income and impairment of financial instruments. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Company.</p> <p>Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting, including:</p> <ul style="list-style-type: none"> • IT general controls over user access management and change management across applications, networks, database, and operating systems. • IT application controls. <p>Moreover, in the current year, the Company has introduced a new loan management system (‘New LMS’) for four states out of 22 states. Owing to the implementation of New LMS, financial and other information relating to such customers was required to be migrated from existing loan management system to New LMS. Also, certain manual adjustments were required to be made to account for reversal of interest income from NPA loans not captured accurately in the New LMS which added to the complexity.</p> <p>Due to the pervasive nature, complexity, introduction of New LMS and importance of the impact of the IT systems and related control environment on the Company’s financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.</p>	<p>Our audit procedures on testing of IT systems included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • In assessing the integrity of the IT systems, we involved our IT experts to obtain 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. • Access rights were tested over applications, operating systems, networks, and databases, which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel. • Tested the automated computation processed by the IT system that includes computation of interest income and days past due for portfolio outstanding as at balance sheet date. • Other areas that were assessed under the IT control environment, included password policies, security configurations, and controls around change management. • We also performed the following over the implementation of New LMS: <ul style="list-style-type: none"> a) involved our IT experts to: <ul style="list-style-type: none"> ➢ understand, amongst other things, the scope of independent audit carried out on migration activity by the management’s expert and the results of the audit; ➢ test the controls in place during the implementation of the New LMS; ➢ evaluate the design and operating effectiveness of the IT General Controls (ITGC) and automated business process controls post migration of the New LMS. b) performed substantive testing on the migration of data after the implementation from the existing system to the New LMS to ensure their completeness and accuracy, including review of the reconciliations between the two systems performed by management. • We also evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing the integrity of system interfaces, the completeness and accuracy of data feeds, system reconciliation controls and automated calculations. • Where deficiencies were identified, we tested compensating controls or performed alternate procedures.



Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

8. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. The financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor, Deloitte Haskin and Sells, who have expressed an unmodified opinion on those financial statements vide their audit report dated 18 May 2020.



Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the accompanying financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
 - e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
 - f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 24 May 2021 as per Annexure B expressed unmodified opinion; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 40 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2021
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 21206931AAAABL8045

Place: Chennai
Date: 24 May 2021



Annexure A to the Independent Auditor's Report of even date to the members of Asirvad Micro Finance Limited on the financial statements for the year ended 31 March 2021.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
 - (b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Forum where dispute is Pending	Period to which the amount relates	Amount involved (Rs. in Lakhs)	Amount paid under protest (Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2015-16	1,124.50	224.90
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2016-17	1,978.91	395.78
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	1,521.37	304.27

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year, except for 11 cases of misappropriation of cash by employees of the Company aggregating to INR 233.03 lakhs identified by the management during the year, as stated in note 46 to the accompanying financial statements. The Company has terminated the employment of such employees and is taking necessary steps to ensure recovery of aforesaid misappropriated amounts.
- (xi) Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.
- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the company.

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 21206931AAAABL8045

Place: Chennai
Date: 24 May 2021



Annexure B to the Independent Auditor's Report of even date to the members of Asirvad Micro Finance Limited on the financial statements for the year ended 31 March 2021.

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Asirvad Micro Finance Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Walker Chandio & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sumesh E S
Partner
Membership No.: 206931
UDIN: 21206931AAAABL8045

Place: Chennai
Date: 24 May 2021

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Financial Statement



Asirvad Micro Finance Limited
Balance Sheet as at 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars		Notes	As at 31 March 2021	As at 31 March 2020
I	Assets			
1	Financial Assets			
	(a) Cash and cash equivalents	5	64,846.87	1,20,074.44
	(b) Bank balance other than (a) above	6	18,721.99	20,229.57
	(c) Loans	7(a)	4,79,519.17	4,34,327.51
	(d) Loans given to staff	7(b)	76.52	102.30
	(e) Investments	8	5.00	5.00
	(f) Other financial assets	9	6,566.94	9,524.34
			5,69,736.49	5,84,263.16
2	Non - Financial Assets			
	(a) Current tax assets (net)	10	1,858.88	1,544.24
	(b) Deferred tax assets (net)	11 (a)	8,282.84	3,424.70
	(c) Investment property	12	8.64	8.64
	(d) Property, plant and equipment	12	687.63	786.04
	(e) Right of use asset	12	894.48	721.14
	(f) Other intangible assets	12	259.69	1.00
	(g) Intangible assets under development	12	54.50	-
	(h) Other non financial assets	13	776.23	410.09
			12,822.89	6,895.85
	Total assets		5,82,559.38	5,91,159.01
II	Liabilities and equity			
1	Financial Liabilities			
	(a) Derivative financial instruments	14	135.30	-
	(b) Other payables	15		
	(i) total outstanding dues of micro enterprises and small enterprises		-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,447.22	1,762.70
	(c) Debt securities	16	1,21,905.45	56,881.96
	(d) Borrowings (other than debt securities)	17	3,19,334.54	3,81,549.11
	(e) Subordinated liabilities	18	21,476.92	11,633.90
	(f) Other financial liabilities	19	6,043.41	4,299.67
			4,71,342.84	4,56,127.34
2	Non - Financial Liabilities			
	(a) Current tax liabilities (net)	20 (a)	725.91	-
	(b) Provisions	20 (b)	1,506.75	1,157.18
	(c) Other non-financial liabilities	21	3,440.39	29,922.61
			5,673.05	31,079.79
3	Equity			
	(a) Equity share capital	22	5,331.19	5,331.19
	(b) Other equity	23	1,00,212.30	98,620.69
			1,05,543.49	1,03,951.88
			5,82,559.38	5,91,159.01

Notes 1 to 53 form an integral part of these financial statements
This is the balance sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountant
Firm Registration No: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 24 May 2021

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

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Yogesh Ratnakar Udhoji
Chief Financial Officer

Aparna Menon
Company Secretary

Place : Chennai
Date : 24 May 2021



Asirvad Micro Finance Limited
Statement of Profit and Loss for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

	Particulars	Note	Year ended 31 March 2021	Year ended 31 March 2020
I	Revenue from Operations			
	Interest income	24 (a)	95,762.88	91,338.06
	Net Gain on derecognition of financial instruments under amortised cost category	24 (b)	7,147.98	12,590.98
	Dividend income	24 (c)	1,286.86	947.06
	Other operating income	25	1,099.17	629.84
			1,05,296.89	1,05,505.94
II	Other Income	26	2,421.47	4,638.46
III	Total Income (I + II)		1,07,718.36	1,10,144.40
IV	Expenses			
	Finance cost	27	45,754.14	40,943.86
	Impairment of financial instruments	28	29,980.94	9,234.97
	Employee benefit expenses	29	18,852.94	15,020.44
	Depreciation and amortisation expense	30	1,183.72	714.45
	Other expenses	31	8,878.60	7,697.99
	Total Expenses (IV)		1,04,650.34	73,611.71
V	Profit before exceptional items and tax (III - IV)		3,068.02	36,532.69
VI	Exceptional Items	28	-	5,502.64
VII	Profit Before Tax (V- VI)		3,068.02	31,030.05
VIII	Tax Expense			
	(1) Current tax	11 (b)	6,618.90	9,832.60
	(2) Deferred tax	11 (b)	(4,828.08)	(2,335.35)
	(3) Tax relating to earlier years	11 (b)	(410.94)	-
			1,379.88	7,497.25
IX	Profit for the year (VII - VIII)		1,688.14	23,532.80
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)		(184.28)	(31.06)
	b. Fair value changes on derivatives designated as cash flow hedge, (net)		64.95	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		30.04	7.82
	Subtotal (A)		(89.29)	(23.24)
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)		-	-
	Other Comprehensive Income (A + B)		(89.29)	(23.24)
XI	Total comprehensive income for the year (IX + X)		1,598.85	23,509.56
XII	Earnings per equity share of Rs. 10 each	33		
	- Basic (₹)		3.17	44.14
	- Diluted (₹)		3.17	44.14

Notes 1 to 53 form an integral part of these financial statements
This is the statement of profit and loss referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountant
Firm Registration No: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 24 May 2021

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

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Yogesh Ratnakar Udhoji
Chief Financial Officer

Aparna Menon
Company Secretary

Place : Chennai
Date : 24 May 2021



Asirvad Micro Finance Limited
Statement of Cash Flow for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Cash flow from operating activities		
Profit before income tax	3,068.02	31,030.05
Adjustments for:		
Depreciation and amortisation expense	1,183.72	714.45
Impairment of financial instruments	29,980.94	14,737.61
Provision for insurance claim receivable	301.70	86.31
Loss/(Profit) on sale of fixed assets (net)	0.06	(1.36)
Dividend income	(1,286.86)	(947.06)
Finance cost	45,754.14	40,943.86
Interest on deposits	(2,774.95)	(1,968.94)
Share based payments to employees	(7.24)	-
Operating profit before working capital changes	76,219.53	84,594.92
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(75,172.60)	(99,160.27)
Loans given to staff	25.78	(21.89)
Other financial assets	2,655.70	(6,287.05)
Other non financial assets	(366.14)	(135.29)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	684.52	530.73
Other financial liabilities	1,341.34	2,957.75
Other non financial liabilities	(26,482.21)	29,965.70
Other provisions	165.29	141.29
Net cash flow (used in) operations	(20,928.79)	12,585.90
Net Income tax paid	(5,826.75)	(9,910.00)
Net cash (used in) in operating activities (A)	(26,755.54)	2,675.90
Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	25.00	8.50
Purchase of property, plant and equipment	(801.33)	(2,010.63)
Purchase of other intangible assets	(456.50)	-
Net movement in bank deposits	1,013.48	(2,887.99)
Dividend received	1,286.86	947.06
Interest income on deposits	3,269.05	1,435.09
Net cash flow generated from investing activities	4,336.56	(2,507.97)
Cash flow from financing activities		
Proceeds from long term borrowings - term loans	1,92,545.00	3,05,669.30
Repayment of long term borrowings - term loans	(2,02,517.37)	(1,16,935.68)
Interest paid on term loans	(31,042.46)	(21,864.68)
Proceeds from long term borrowings - debentures	1,11,500.00	29,450.00
Repayment of long term borrowings - debentures	(35,575.00)	(47,283.00)
Interest paid on debentures	(9,133.79)	(9,895.26)
Proceeds from securitisation borrowings	-	58,987.62
Repayment of securitisation borrowings	(52,241.91)	(1,18,053.81)



Asirvad Micro Finance Limited
Statement of Cash Flow for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Interest paid on securitisation	(3,378.55)	(8,956.58)
Proceeds from short term borrowings - commercial paper	-	21,973.42
Repayment of short term borrowings - commercial paper	(2,266.55)	(24,644.92)
Interest paid on CP	(233.45)	(438.11)
Repayment of short term borrowings - cash credit	-	(0.28)
Proceeds from finance lease	-	(8.98)
Other interest and charges paid	(464.51)	(682.56)
Net cash flow from financing activities (C)	(32,808.59)	67,316.49
Net increase in cash and cash equivalents (A+B+C)	(55,227.57)	67,484.42
Cash and cash equivalents at the beginning of the period	1,20,074.44	52,590.02
Cash and cash equivalents at the end of the period	64,846.87	1,20,074.44
Reconciliation of cash and cash equivalents with the balance sheet:		
Cash and cash equivalents as per balance sheet	64,846.87	1,20,074.44

Notes 1 to 53 form an integral part of these financial statements
This is the statement of cash flow referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountant
Firm Registration No: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931
Place : Chennai
Date : 24 May 2021

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

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Yogesh Ratnakar Udhoji
Chief Financial Officer

Aparna Menon
Company Secretary

Place : Chennai
Date : 24 May 2021



Asirvad Micro Finance Limited
Statement of changes in equity for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Statement of changes in equity

Particulars	Reserves and Surplus								
	Capital Share	Equity Statutory Reserve	Capital Redemption Reserve	Securities Premium	Contribution from Holding Company	ESOS General Reserve	Retained earnings	Other Comprehensive Income	Accumulated Total
Balance as at 01 April 2019	5,331.19	4,712.72	500.00	55,810.89	20.44	35.93	13,987.61	43.08	75,110.67
Profit for the year	-	-	-	-	-	-	23,532.80	-	23,532.80
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	(23.24)	(23.24)
Transfer to statutory reserve	-	4,706.56	-	-	-	-	(4,706.58)	-	(0.02)
Other adjustments	-	-	-	-	2.10	-	(1.62)	-	0.48
Balance as at 31 March 2020	5,331.19	9,419.28	500.00	55,810.89	22.54	35.93	32,812.21	19.84	98,620.69
Profit for the year	-	-	-	-	-	-	1,688.14	-	1,688.14
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	(137.89)	(137.89)
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	48.60	48.60
Transfer to statutory reserve	-	337.63	-	-	-	-	(337.63)	-	-
Other adjustments	-	-	-	-	(7.24)	-	-	-	(7.24)
Balance as at 31 March 2021	5,331.19	9,756.91	500.00	55,810.89	15.30	35.93	34,162.72	(69.45)	1,00,212.30

Notes 1 to 53 form an integral part of these financial statements

This is the statement of statement of changes in equity referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountant
Firm Registration No: 001076N/N500013

Sumesh E S
Partner
Membership No: 206931

Place : Chennai
Date : 24 May 2021

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

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Yogesh Ratnakar Udhoji
Chief Financial Officer

Aparna Menon
Company Secretary

Place : Chennai
Date : 24 May 2021



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 4th October 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 adoptions 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 also provides 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. Also, any directions issued by the RBI or other regulators are implemented as and when they become applicable.

The financial statements for the year ended 31 March 2021 were authorised and approved for issue by the Board of Directors on 24 May 2021.

(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 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 written down 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
Furniture and Fixtures including Electrical fittings	10
Leasehold Improvements	5
Office Equipment	5
Vehicles	8
Computers and others	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 (depreciation method, useful lives and residual value)

Intangible assets are amortised over a period of five years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived at 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company records interest income on actual receipt basis. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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 incurred basis 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

(g) 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 unavailed 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 life time expected credit loss (ECL).

The 12mECL 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 12mECLs 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 of Profit and Loss Account.

(j) 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. The Company nets off the balance of bank overdraft with cash and cash equivalents for cash flow statement.

(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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of the lease and
- 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 amortized 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 recognized 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.



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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) 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.

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.

(o) 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.

(p) 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 (INR), 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.

(q) 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.

(r) 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.



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Cash on hand	224.72	13.56
(b) Balances with banks		
- In current accounts	17,399.55	7,129.33
- In deposit accounts - not covered under lien	47,222.60	1,12,931.55
Total	64,846.87	1,20,074.44

5.1 Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 cash flow statements is

64,846.87 1,20,074.44

6 Bank balance other than above (Also, refer note 17.1)

Balances with Banks		
- In Deposit Accounts - under lien (Refer note 6.1 below)	18,721.99	20,229.57
Total	18,721.99	20,229.57

6.1 Deposit accounts under lien comprise of:

Deposits (excluding accrued interest) amounting to Rs. 12,842.59 (As at 31 March 2020 Rs. 9,187.50 lakhs) have been placed with certain banks for obtaining term loans.

Deposits (excluding accrued interest) amounting to Rs. 5,148.97 lakhs (As at 31 March 2020 : Rs. 9,924.66 lakhs) are placed as credit enhancement (cash collateral) towards securitization transactions.

7 (a) Loans (at amortised cost)

(A) Term loans	5,13,664.06	4,52,837.62
Less : Impairment loss allowance	34,144.89	18,510.11
Total	4,79,519.17	4,34,327.51
(B) Term loans in India		
(i) Secured by tangible assets Loans	4,360.92	1,467.92
Less : Impairment loss allowance	104.83	80.01
Sub Total	4,256.09	1,387.91
(ii) Unsecured Loans	5,09,303.14	4,51,369.70
Less : Impairment loss allowance	34,040.06	18,430.10
Sub Total	4,75,263.08	4,32,939.60
Total	4,79,519.17	4,34,327.51
(C) Term loans in India		
(A) Public sectors	-	-
(B) Others	5,13,664.06	4,52,837.62
Less : Impairment loss allowance	34,144.89	18,510.11
Total	4,79,519.17	4,34,327.51
7(b) Loans given to staff (at amortised cost)		
Loans to Staff	76.52	102.30
Total	76.52	102.30



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

7.1	Particulars	As at 31 March 2021	As at 31 March 2020
	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:	85,801.60	1,07,246.23

7.2	Particulars	As at 31 March 2021	As at 31 March 2020
	Provisions as per RBI Prudential Norms	6,989.94	4,568.19
	Provisions as per ECL model under Ind AS 109	34,144.89	18,510.11
	Amount recorded in the books	34,144.89	18,510.11

As at 31 March 2021

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)	G = (D-F)
Performing assets						
Standard	Stage 1	4,70,496.16	9,600.52	4,60,895.64	6,391.89	3,208.66
	Stage 2	34,081.12	15,475.69	18,605.43	339.29	15,136.41
Non Performing Assets (NPA)						
Substandard	Stage 3	9,086.78	9,068.68	18.10	258.79	8,809.89
Total		5,13,664.06	34,144.89	4,79,519.17	6,989.94	27,154.96

As at 31 March 2020

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)	G = (D-F)
Performing assets						
Standard	Stage 1	4,42,384.73	9,860.06	4,32,524.67	4,198.85	5,661.21
	Stage 2	1,842.76	39.92	1,802.84	17.02	22.90
Non Performing Assets (NPA)						
Substandard	Stage 3	8,610.13	8,610.13	-	352.32	8,257.81
Total		4,52,837.62	18,510.11	4,34,327.51	4,568.19	13,941.92

7.3 Reconciliation of impairment allowance on Loans

Particulars	Amount
Impairment allowance as at 1 April 2019	5,387.15
Add: Impairment allowance provided in statement of Profit & Loss	14,737.61
Less: Impairment allowance Utilised for writing off Loss assets	1,614.65
Impairment allowance as at 31 March 2020	18,510.11
Add: Impairment allowance provided in statement of Profit & Loss	29,980.94
Less: Impairment allowance Utilised for writing off Loss assets	14,346.16
Impairment allowance as at 31 March 2021	34,144.89



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

7.4 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 below*:

Particulars	As at 31 March 2021	As at 31 March 2020
(i) No of SPVs sponsored by the NBFC for securitisation transactions		
a.Through Direct assignment	14	13
b.Through Pass through Certificates	8	17
Total	22	30
(ii) Total amount of securitised assets as per books of the SPVs Sponsored		
a.Through Direct assignment	85,801.60	1,07,246.23
b.Through Pass through Certificates	6,822.72	60,412.09
Total	92,624.32	1,67,658.32
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss	15,476.18	26,929.02
Others	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss	5,148.97	9,924.66
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

7.5 Details of Financial Assets sold to Securitisation Company*

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Total number of loan assets securitized during the year		
a.Through Direct assignment	1,75,430.00	6,91,762.00
b.Through Pass through Certificates	-	3,24,712.00
	1,75,430.00	10,16,474.00
Book value of loan assets securitized during the year		
a.Through Direct assignment	44,443.44	1,40,592.85
b.Through Pass through Certificates	-	65,106.74
	44,443.44	205,699.59
Sale consideration received during the year		
a.Through Direct assignment	39,999.79	1,27,463.62
b.Through Pass through Certificates	-	58,987.61
	39,999.79	1,86,451.23
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised		
a.Through Direct assignment	4,443.64	13,129.23
b.Through Pass through Certificates	-	6,119.13
	4,443.64	19,248.36



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Gain / (loss) on the securitization transaction recognised in P&L	-	-
a.Through Direct assignment	-	-
b.Through Pass through Certificates	-	-
Gain / (loss) on the securitization transactions deferred	-	-
a.Through Direct assignment	-	-
b.Through Pass through Certificates	-	-
Total	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits		
a.Through Direct assignment	-	-
b.Through Pass through Certificates	5,148.97	9,924.66
Total	5,148.97	9,924.66
Quantum of Credit Enhancement as at year end		
a.Through Direct assignment	-	-
b.Through Pass through Certificates	5,148.97	9,924.66
Total	5,148.97	9,924.66
Interest spread Recognised in the Statement of Profit and Loss during the Year		
a.Through Direct assignment	7,147.98	12,590.98
b.Through Pass through Certificates	-	-
Total	7,147.98	12,590.98

*The securitised loans disclosed in the above notes, i.e. 7.4 and 7.5 do not qualify for de-recognition under Ind AS. Nevertheless, the information in the notes is presented to ensure compliance with the RBI disclosure requirements.

7.6 The Company has not given moratorium for SMA/Overdue accounts. Hence, disclosure as per RBI notification RBI/2019-20/220 DOR, No.BP.DC.63/21.04,048/2020-21 Dated 17 April 2020 is not applicable.

8 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Investments at fair value through other comprehensive income		
Outside India	-	-
In India		
Unquoted equity instruments in India	5.00	5.00
Total	5.00	5.00

9 Other financial assets

(a) Security deposits	614.60	484.77
(b) Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	-	15.00
(c) Retained interest on asset assigned	4,417.17	7,273.10
(d) Others	1,535.17	1,751.47
Total	6,566.94	9,524.34

10 Current tax assets (net)

Advance income tax (net)	1,858.88	1,544.24
Total	1,858.88	1,544.24

11 (a) Deferred tax assets (net)

Deferred tax assets (net)	8,282.84	3,424.70
Total	8,282.84	3,424.70



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

11 (b) Current tax and deferred tax

(i) Income tax expense

Particulars	31 March 2021	31 March 2020
(a) Current tax in respect of current year	6,618.90	9,832.60
(b) Deferred tax relating to origination and reversal of temporary differences	(4,828.08)	(2,335.35)
(c) Tax relating to earlier year	(410.94)	-
Total tax expense recognised in statement of profit and loss	1,379.88	7,497.25

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

Particulars	31 March 2021	31 March 2020
Profit Before tax from operations	3,068.02	31,030.05
Income Tax using the Company's domestic Tax rate #	772.22	7,810.26
Effect of income exempt from tax	-	238.37
Effect of other permanent differences	88.23	(88.91)
Effect on utilisation of accumulated losses during the year	-	-
Effect of change in tax rate	-	(462.47)
Effect of deferred tax remeasurement	930.37	-
Effect of change in previous year tax amount	(410.94)	-
Income tax recognised in the statement of Profit & Loss	1,379.88	7,497.25

The tax rate used for the FY 2020-2021 and 2019-2020 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	31 March 2021	31 March 2020
Deferred tax		
Remeasurement of defined benefit obligation	(46.39)	7.82
Fair value changes on derivatives designated as cash flow hedge, net	16.35	-
Total	(30.04)	7.82

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

Particulars	For the Year Ended 31 March 2021			Closing Balance
	Opening Balance	(Charge) / Credit recognised in		
		Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets/deferred Tax liability :				
Property, plant and equipment	50.61	268.14	-	318.75
Provision for employee benefits	193.17	395.38	46.39	634.94
Impairment loss allowance - Loans	4,838.01	3,407.21	-	8,245.22
Provision for fraud insurance claim receivable	103.04	55.48	-	158.52
Borrowings	317.24	(345.52)	-	(28.28)
Loans at amortised cost	290.66	219.26	-	509.92
Leases	24.05	5.86	-	29.91
Effective interest rate on PTC loans	(2,392.08)	822.29	-	(1,569.79)
Cash flow hedge reserve	-	-	(16.35)	(16.35)
Total	3,424.70	4,828.10	30.04	8,282.84



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	For the Year Ended 31 March 2020			Closing Balance
	Opening Balance	(Charge) / Credit recognised in		
		Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets/deferred Tax liability :				
Property, plant and equipment	260.80	(210.19)	-	50.61
Provision for employee benefits	286.76	(101.41)	7.82	193.17
Impairment loss allowance - Loans	1,341.38	3,496.63	-	4,838.01
Provision for fraud insurance claim receivable	124.23	(21.19)	-	103.04
Borrowings	120.86	196.38	-	317.24
Loans at amortised cost	127.16	163.50	-	290.66
Leases	-	24.05	-	24.05
Effective interest rate on PTC loans	(1,179.61)	(1,212.47)	-	(2,392.08)
Total	1,081.58	2,335.30	7.82	3,424.70



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(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	Furnitures & Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Total			
Gross block										
As at 01 April 2019	8.64	794.13	216.14	0.97	136.97	81.60	1,229.81	18.41	129.45	-
Additions	-	729.46	382.96	170.01	162.86	-	1,445.29	827.34	2.35	-
Disposals	-	-	(207.14)	-	(64.77)	(26.74)	(298.65)	-	-	-
As at 31 March 2020	8.64	1,523.59	391.96	170.98	235.06	54.86	2,376.45	845.75	131.80	-
Additions	-	549.17	178.69	14.51	58.96	27.40	828.73	286.67	402.00	54.50
Disposals	-	-	-	-	(25.06)	-	(25.06)	-	-	-
As at 31 March 2021	8.64	2,072.76	570.65	185.49	268.96	82.26	3,180.12	1,132.42	533.80	54.50
Accumulated depreciation/amortisation:										
As at 01 April 2019	-	714.92	141.32	0.95	110.53	62.90	1,030.62	12.46	108.22	-
Depreciation/Amortisation expense	-	371.17	103.60	58.59	47.67	6.48	587.51	112.15	20.66	-
Eliminated on Disposal of Assets	-	-	(7.79)	-	-	(19.93)	(27.72)	-	-	-
Depreciation Adjustments	-	-	-	-	-	-	-	-	1.92	-
As at 31 March 2020	-	1,086.09	237.13	59.54	158.20	49.45	1,590.41	124.61	130.80	-
Depreciation/Amortisation expense	-	635.88	94.91	116.70	75.60	3.99	927.08	113.33	143.31	-
Eliminated on Disposal of Assets	-	-	-	-	(25.00)	-	(25.00)	-	-	-
Depreciation Adjustments	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	-	1,721.97	332.04	176.24	208.80	53.44	2,492.49	237.94	274.11	-
Net block										
As at 31 March 2020	8.64	437.50	154.83	111.44	76.86	5.41	786.04	721.14	1.00	-
As at 31 March 2021	8.64	350.79	238.61	9.25	60.16	28.82	687.63	894.48	259.69	54.50



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

13 Other non financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Goods & service tax credit (input) receivable	21.41	38.71
(b) Prepaid expenses	465.27	202.18
(c) Capital advances	-	4.31
(d) Opex advances	289.55	153.73
(e) Others	-	11.16
Total	776.23	410.09

14 Derivative financial instruments (Also, refer note 41.15)

Particulars	As at 31 March 2021	As at 31 March 2020
Currency derivatives		
Interest rate swap	135.30	-
Total	135.30	-

15 Other payables

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Total outstanding dues of micro enterprises and small enterprises (Also, refer note 40)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,447.22	1,762.70
Total	2,447.22	1,762.70

There are no dues payable as at 31 March 2021 and 31 March 2020 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.

16 Debt securities (At amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Redeemable non-convertible debentures		
- Secured	91,065.73	30,242.78
- Unsecured	30,839.72	24,348.97
(b) Commercial papers (Unsecured)	-	2,290.21
Total	1,21,905.45	56,881.96
(i) Debt securities in India	1,21,905.45	56,881.96
(ii) Debt securities outside India	-	-
Total	1,21,905.45	56,881.96

Also, refer note 17.2 and note 17.3

17 Borrowings (other than debt securities) (At amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Secured		
- Term loan from banks	2,70,635.86	2,95,644.36
- Term loan from NBFCs	12,528.50	19,009.05
- Other financial institutions	24,285.51	2,770.28
Total	3,07,449.87	3,17,423.69



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020
(b) Unsecured - Term loan from NBFCs	5,038.80	5,037.65
(c) Borrowings under securitisation arrangement	6,845.87	59,087.77
Total	3,19,334.54	3,81,549.11
Borrowings in India	3,06,361.89	3,78,778.83
Borrowings outside India	12,972.65	2,770.28
Total	3,19,334.54	3,81,549.11

17.1 Security on term loans from banks and others (Also, refer note 6)

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)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Deposits with Banks & Others	18,721.99	20,084.57
(b) Deposits with NBFCs	-	145.00
Total	18,721.99	20,229.57

17.2 Details of commercial paper - Unsecured

Particulars	Tenor (Days)	Interest Rate	31 March 2021	31 March 2020
Issued to others (Anand Rathi)	365	10.30%	-	2,290.21

(i) Details of commercial paper issued/repaid during the current year ended 31 March 2021

Particulars	Tenor (Days)	" Discount rate (per annum) "	Date of Transaction	Redemption Date
CP-Anand Rathi Global Finance Ltd	365	10.30%	25-Feb-20	24-Feb-21

(ii) Details of commercial paper issued/repaid during the current year ended 31 March 2020

Particulars	Tenor (Days)	" Discount rate (per annum) "	Date of Transaction	Redemption Date
CP-Invesco	62	9.80%	26-Feb-19	29-Apr-19
CP-Invesco	65	9.35%	24-Apr-19	28-Jun-19
CP-Anand Rathi	333	11.10%	03-May-19	18-Mar-20
CP-15-CP-Utkarsh	62	9.16%	12-Jun-19	13-Aug-19
CP-Utkarsh SFB- 2	34	7.25%	27-Aug-19	30-Sep-19
CP Utkarsh SMF	87	7.95%	04-Oct-19	30-Dec-19
CP-Anand Rathi Global Finance Ltd	365	10.30%	25-Feb-20	24-Feb-21

Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)



17.3 Details of terms of repayment- Debentures and subordinated liabilities

ISIN No	Party	Type of NCD	"No. of Debentures As at"		Face value	Interest rate	Due date of redemption	"Closing balance As at"	
			31 March 2021	31 March 2020				31 March 2021	31 March 2020
INE516Q08166	IFMR Capital	Sub Debt	500	500	10,00,000.00	13.00%	30-Jun-22	5,138.69	5,137.39
INE516Q08158	Royal Sundaram	Sub Debt	150	150	10,00,000.00	12.42%	28-Jul-23	1,495.66	1,494.02
INE516Q08182	Reliance Nippon	Sub Debt	350	350	10,00,000.00	13.00%	15-Jul-22	3,510.77	3,501.70
INE516Q08174	Reliance Nippon	Sub Debt	150	150	10,00,000.00	13.00%	15-Jul-22	1,503.53	1,500.79
INE516Q08331	A K Capital	Sub Debt	10,000	-	1,00,000.00	11.90%	26-Jun-26	9,828.27	-
INE516Q08299	IFMR Capital	Other Than Sub Debt	-	150	10,00,000.00	12.00%	30-Jun-20	-	1,499.21
INE516Q07119	Blue Orchard	Other Than Sub Debt	330	330	10,00,000.00	13.25%	19-May-21	3,429.59	3,452.64
INE516Q07226	UTI International	Other Than Sub Debt	50	1,000	10,00,000.00	12.30%	09-Aug-23	505.69	10,141.42
INE516Q08281	Karvy	Other Than Sub Debt	50,000	50,000	10,00,000.00	11.63%	30-May-24	4,887.79	4,861.28
INE516Q08273	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	100	100	10,00,000.00	11.00%	21-May-21	1,011.73	1,010.54
INE516Q07267	IFMR Capital	Other Than Sub Debt	250	250	10,00,000.00	12.00%	27-Jun-22	2,498.51	2,498.27
INE516Q07275	Blue Orchard	Other Than Sub Debt	700	700	10,00,000.00	12.48%	09-Mar-25	7,053.01	7,037.49
INE516Q07283	Bank of India	Other Than Sub Debt	750	-	10,00,000.00	10.50%	28-Apr-23	8,101.73	-
INE516Q07291	Canara Bank	Other Than Sub Debt	450	-	10,00,000.00	11.00%	29-May-23	4,894.33	-
INE516Q07309	Bandhan Bank	Other Than Sub Debt	417	-	10,00,000.00	11.25%	21-Apr-23	4,162.22	-
INE516Q07317	Union Bank	Other Than Sub Debt	850	-	10,00,000.00	11.00%	26-Jun-23	9,174.28	-
INE516Q07325	State Bank of India	Other Than Sub Debt	1,000	-	10,00,000.00	9.50%	05-Feb-22	10,590.39	-
INE516Q07333	Union Bank	Other Than Sub Debt	500	-	10,00,000.00	9.00%	08-Mar-22	5,231.89	-
INE516Q07341	Bank of Baroda	Other Than Sub Debt	1,500	-	10,00,000.00	8.60%	19-May-22	15,066.25	-
INE516Q07358	State Bank of India	Other Than Sub Debt	1,000	-	10,00,000.00	9.00%	14-Jun-22	10,243.25	-
INE516Q07366	Bank of India	Other Than Sub Debt	750	-	10,00,000.00	8.40%	30-Jun-22	7,630.02	-
INE516Q08307	A K Capital	Other Than Sub Debt	7,500	-	1,00,000.00	11.10%	05-Feb-23	7,508.85	-
INE516Q08315	Northern Arc	Other Than Sub Debt	1,000	-	10,00,000.00	10.50%	03-Mar-23	9,955.00	-
INE516Q08323	Anand Rathi and Others	Other Than Sub Debt	500	-	10,00,000.00	10.50%	08-Mar-23	4,976.18	-
INE516Q07382	CDC	Other Than Sub Debt	500	-	10,00,000.00	9.22%	30-May-25	4,984.74	-
INE516Q08216	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	100	10,00,000.00	11.43%	22-May-20	-	260.86
INE516Q08224	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	350	10,00,000.00	11.43%	22-Jun-20	-	903.41
INE516Q07242	Reliance MF	Other Than Sub Debt	-	1,000	10,00,000.00	11.55%	27-Nov-20	-	2,608.73
INE516Q07259	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	245	10,00,000.00	11.00%	11-Dec-20	-	2,663.85
INE516Q07101	Blue Orchard	Other Than Sub Debt	-	700	10,00,000.00	12.53%	29-Mar-21	-	7,002.48
INE516Q08265	Briila Sun Life	Other Than Sub Debt	-	2,500	10,00,000.00	11.50%	31-Mar-21	-	10,651.57
Total								1,43,382.37	66,225.65



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

17.4 Details of terms of repayment- term loans from banks and others

As at 31 March 2021

Ten- ure	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 Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	
1 yr	Monthly	7%-8%	3.00	1,250.00	-	-	-	-	-	-	-	-	-	-	-
		8%-9%	24.00	5,500.00	23.00	5,250.00	-	-	-	-	-	-	-	-	-
		9%-10%	193.00	42,020.56	120.00	28,371.50	2.00	416.67	-	-	-	-	-	-	-
		10%-11%	48.00	8,543.06	-	-	-	-	-	-	-	-	-	-	-
		11%-12%	70.00	20,313.72	19.00	8,783.27	1.00	666.67	-	-	-	-	-	-	-
		9%-10%	34.00	16,198.86	17.00	9,471.59	6.00	5,318.18	1.00	272.73	-	-	-	-	-
3 yrs	Quarterly	10%-11%	29.00	25,199.62	15.00	10,567.52	-	-	-	-	-	-	-	-	
		11%-12%	8.00	1,321.21	4.00	660.61	-	-	-	-	-	-	-	-	
		7%-8%	2.00	12,500.00	1.00	6,250.00	-	-	-	-	-	-	-	-	
3 yrs Above	Half Yearly	9%-10%	1.00	1,666.00	2.00	3,334.00	-	-	-	-	-	-	-	-	
		8%-9%	2.00	12,500.00	-	-	-	-	-	-	-	-	-	-	
		9%-10%	-	-	-	-	1.00	8,625.00	-	-	-	-	-	-	
		10%-11%	1.00	5,000.00	-	-	2.00	13,020.00	-	-	-	-	-	-	
3 yrs Above	Monthly	9%-10%	21.00	2,625.00	14.00	1,166.67	11.00	763.89	4.00	277.78	-	-	-	-	
		9%-10%	12.00	7,123.02	9.00	5,984.59	6.00	4,200.00	8.00	2,600.00	8.00	1,600.00	2.00	400.00	
		10%-11%	6.00	900.00	4.00	700.00	-	-	-	-	-	-	-	-	
		11%-12%	10.00	8,967.00	8.00	7,244.00	8.00	7,319.00	4.00	4,225.00	-	-	-	-	
		10%-11%	-	-	-	-	2.00	1,893.30	1.00	946.70	-	-	-	-	
		10%-11%	-	-	-	-	39.00	42,222.70	18.00	8,322.21	8.00	1,600.00	2.00	400.00	
			464.00	1,71,628.07	236.00	87,783.75	39.00	42,222.70	18.00	8,322.21	8.00	1,600.00	2.00	400.00	



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
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As at 31 March 2020

Ten-ure	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 instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount
1 yr	Monthly	9%-10%	49.00	15,130.95	34.00	12,708.33	8.00	6,666.67	-	-	-	-	-	-
		10%-11%	263.00	39,699.42	83.00	13,254.37	13.00	1,384.59	-	-	-	-	-	-
		11%-12%	196.00	43,065.93	87.00	20,956.11	3.00	466.67	-	-	-	-	-	-
3 yrs	Quarterly	9%-10%	14.00	4,930.30	15.00	4,909.85	12.00	3,484.85	-	-	-	-	-	-
		10%-11%	58.00	28,908.12	40.00	30,170.45	23.00	24,240.91	-	-	-	-	-	-
		11%-12%	17.00	5,203.73	8.00	1,321.21	3.00	496.97	-	-	-	-	-	-
3 yrs Above	Bullet	9%-10%	3.00	10,000.00	-	-	-	-	-	-	-	-	-	-
		11%-12%	-	-	1.00	5,000.00	-	-	-	-	-	-	-	-
		10%-11%	6.00	250.00	-	-	-	-	-	-	-	-	-	-
3 yrs Above	Monthly	11%-12%	12.00	2,000.00	12.00	2,000.00	8.00	1,333.33	-	-	-	-	-	-
		10%-11%	6.00	3,400.00	6.00	900.00	4.00	700.00	-	-	-	-	-	-
		11%-12%	10.00	8,760.00	10.00	8,967.00	8.00	7,244.00	8.00	7,319.00	4.00	4,225.00	-	-
3 yrs Above	Bullet	10%-11%	-	-	-	-	-	-	2.00	1,893.30	1.00	946.70	-	-
			634.00	1,61,348.45	296.00	1,00,187.33	82.00	46,017.99	10.00	9,212.30	5.00	5,171.70	-	-

17.5 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities (including subordinated liabilities)	"Borrowings (other than debt securities)"	Commercial Paper	Total
01 April 2019	84,989.47	2,51,844.17	4,961.71	3,41,795.35
Proceeds	29,450.00	3,64,656.92	21,973.42	4,16,080.34
Repayment	(47,283.00)	(2,34,989.49)	(24,644.92)	(3,06,917.41)
Interest expense	8,964.44	30,858.77	438.11	40,261.32
Interest paid	(9,895.26)	(30,821.26)	(438.11)	(41,154.62)
31 March 2020	66,225.65	3,81,549.11	2,290.21	4,50,064.98
Proceeds	1,11,500.00	192,545.00	-	3,04,045.00
Repayment	(35,575.00)	(2,54,759.27)	(2,266.55)	(2,92,600.82)
Interest expense	10,365.51	34,620.96	209.79	45,196.25
Interest paid	(9,133.79)	(34,421.01)	(233.45)	(43,788.25)
Fair value changes*	-	(200.25)	-	(200.25)
31 March 2021	1,43,382.37	3,19,334.54	-	4,62,716.91

* Fair value changes in external commercial borrowings availed during the year. (Also, refer note 41.15)



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

18 Subordinated liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt (At Amortised Cost)	21,476.92	11,633.90
Total	21,476.92	11,633.90
Subordinated liabilities in India	21,476.92	11,633.90
Subordinated liabilities outside India	-	-
Total	21,476.92	11,633.90

19 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Interest payable on assets assigned	2,076.98	2,992.56
(b) Lease liabilities (Also, refer note 34)	1,035.56	810.96
(c) Other payables	2,930.87	496.15
Total	6,043.41	4,299.67

20 (a) Current tax liabilities (net)

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for taxation (net)	725.91	-
Total	725.91	-

20 (b) Provisions (Also, refer note 35)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Provision for compensated absences	1,189.94	1,126.34
(b) Provision for gratuity	316.81	30.84
Total	1,506.75	1,157.18

21 Other non financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Statutory dues payable	526.51	318.44
(b) Other payables	790.04	582.72
(c) Advance from customers	2,123.84	29,021.45
Total	3,440.39	29,922.61

22 Equity share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
(a) Authorised				
Equity shares of Rs.10/- each	90,000,000	9,000.00	90,000,000	9,000.00
Cumulative redeemable non-convertible preference shares of Rs.100/- each	1,000,000	1,000.00	1,000,000	1,000.00
Sub-total	91,000,000	10,000.00	91,000,000	10,000.00
(b) Issued , subscribed and fully paid up equity shares of Rs.10/- each	53,311,887	5,331.19	53,311,887	5,331.19
Sub-total	53,311,887	5,331.19	53,311,887	5,331.19

Notes:

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



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Equity Shares	As at 31 March 2021		As at 31 March 2020	
	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the period/year	53,311,887	5,331.19	53,311,887	5,331.19
Issued during the year (Refer Note 22.1 below)	-	-	-	-
Outstanding at the end of the period/year	53,311,887	5,331.19	53,311,887	5,331.19

22.1 During the year ended 31 March 2021 and 31 March 2020, the Company has not issued any equity shares.

(ii) Details of shares held by the Holding Company:

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	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)	50,533,878	94.79%	49,757,889	93.33%

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

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	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 Mr. S V Raja Vaidyanathan	2,451,977	4.60%	3,127,966	5.87%
Manappuram Finance Limited	50,533,878	94.79%	49,757,889	93.33%

(iv) Terms / Rights attached to equity shares:

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

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

* No. of shares are in absolute numbers

(v) Employees Stock Option Scheme (ESOS) (Also, refer note 50) :

During the year ended 31 March 2020, the Company introduced Employee Stock Option Scheme to eligible employees of the Company w.e.f. 01 July 2019 ("Relevant Date"). Accordingly 830,000 options were issued with a graded vesting period and 512,500 options are outstanding as at 31 March 2021.

23 Other equity

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Capital redemption reserve	500.00	500.00
(b) ESOS Contribution from Holding Company	15.30	22.54
(c) Statutory reserve	9,756.91	9,419.28
(d) Securities premium account	55,810.89	55,810.89
(e) General reserve	35.93	35.93
(f) Surplus in statement of profit and loss	34,162.72	32,812.21
(g) Other comprehensive income (OCI)	(69.45)	19.84
Total	1,00,212.30	98,620.69

(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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

(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)*

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

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Capital redemption reserve		
Opening balance	500.00	500.00
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	500.00	500.00
(b) ESOS Contribution from Holding Company		
Opening balance	22.54	20.44
Add : (Reversal)/Contribution during the year	(7.24)	2.10
Less : Utilised during the year	-	-
Closing balance	15.30	22.54
(c) Statutory reserve		
Opening balance	9,419.28	4,712.72
Add: Additions during the year	337.63	4,706.56
Less: Utilised / transferred during the year	-	-
Closing balance	9,756.91	9,419.28
(d) Securities premium account		
Opening balance	55,810.89	55,810.89
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	55,810.89	55,810.89
(e) General reserve		
Opening balance	35.93	35.93
Add: Transferred from surplus in statement of profit and loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	35.93	35.93
(f) Surplus in statement of profit and loss		
Opening balance	32,812.21	13,987.61
Add: Profit for the year	1,688.14	23,532.80
Less: Impact of Ind AS 116	-	(1.62)
Less: Transfer to Statutory Reserve	(337.63)	(4,706.58)
Closing balance	34,162.72	32,812.21
(g) Other comprehensive income (OCI)		
Opening balance	19.84	43.08
Less: (Loss) for the year	(89.29)	(23.24)
Closing balance	(69.45)	19.84
Total (a+b+c+d+e+f+g)	1,00,212.30	98,620.69



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

24 (a) Interest income

Particulars	As at 31 March 2021	As at 31 March 2020
On financial assets measured at amortised cost		
(i) Interest income from loan:		
- Interest on loan- microfinance loans	92,397.93	89,221.40
- Interest on loan- MSME loans	590.00	121.21
(ii) Interest on deposits with banks and financial institutions	2,774.95	1,968.94
(iii) Other interest income	-	26.51
Total	95,762.88	91,338.06

24 (b) Net gain on derecognition of financial instruments under amortised cost category

Particulars	As at 31 March 2021	As at 31 March 2020
Net gain on derecognition of financial instruments under amortised cost category	7,147.98	12,590.98
Total	7,147.98	12,590.98

24 (c) Dividend income

Particulars	As at 31 March 2021	As at 31 March 2020
Dividend income from mutual funds	1,286.86	947.06
Total	1,286.86	947.06

25 Other operating income

Particulars	As at 31 March 2021	As at 31 March 2020
Loss assets recovered	1,099.17	629.84
Total	1,099.17	629.84

26 Other income

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Referral fees	2,271.21	4,543.28
(b) Miscellaneous income	150.26	95.18
Total	2,421.47	4,638.46

27 Finance cost

Particulars	As at 31 March 2021	As at 31 March 2020
On financial liabilities measured at amortised cost		
(a) Interest on borrowings		
- Term Loans from banks	27,719.75	19,460.54
- Term Loans from NBFCs	2,018.45	2,424.98
- Borrowings under securitisation arrangement	3,378.55	8,956.58
- Other financial institutions	1,504.21	16.67
- Commercial paper	209.79	438.11
- Overdraft	-	0.81
(b) Interest on debt securities		
- Debentures & subordinated liabilities	10,365.51	8,964.44
(c) Other interest expense		
- Interest on finance lease obligations	93.37	92.63
(d) Other Borrowing Costs		
- Loan processing fees	76.31	212.62
- Bank charges	388.20	376.48
Total	45,754.14	40,943.86



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

28 Impairment of financial instruments (At amortised cost)

Particulars	As at 31 March 2021	As at 31 March 2020
Loans (Also, refer note 7.3)	29,980.94	14,737.61
Total	29,980.94	14,737.61
Less : Exceptional item	-	5,502.64
Total	29,980.94	9,234.97

29 Employee benefit expenses

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Salaries and wages	17,092.54	13,417.74
(b) Contributions to provident and other funds	1,442.23	1,335.46
(c) Gratuity expenses (Also, refer note 35)	272.72	174.05
(d) Staff welfare expenses	45.45	93.19
Total	18,852.94	15,020.44

30 Depreciation and amortisation expense (Also, refer note 12)

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Depreciation of tangible assets	927.08	579.72
(b) Amortization of other intangible assets	143.31	22.58
(c) Amortization of right of use asset	113.33	112.15
Total	1,183.72	714.45

31 Other expenses

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Electricity	128.29	101.62
(b) Rent (Also, refer note 36)	1,237.85	1,209.40
(c) Repairs and maintenance	65.56	40.61
(d) Insurance	292.49	363.65
(e) Rates and taxes	65.21	31.05
(f) Communication expenses	316.55	393.20
(g) Travel and conveyance	2,654.35	2,153.84
(h) Printing and stationery	237.97	289.97
(i) Directors' sitting fees	28.93	20.49
(j) Business promotion	5.76	7.86
(k) CSR expenses (Also, refer note 47)	344.54	150.57
(l) Legal and professional fees	502.00	663.69
(m) Provision for insurance claim receivable	301.70	86.31
(n) Subscription charges	79.61	44.11
(o) Software costs (Also, refer note 36)	2,045.16	1,001.25
(p) Security charges	6.94	20.65
(q) House keeping expenses	146.57	155.73
(r) Office expenses	62.71	92.91
(s) Directors commission (Also, refer note 36)	67.86	-
(t) Loss on sale of property, plant & equipment	0.06	-
(u) Payments to statutory auditors' (net of input tax credit)		
- Statutory audit	16.00	18.00
- Tax audit	2.00	2.00
- Other services (Limited Review, Interim Audit and Certification)	6.50	8.70
- Out of pocket expenses	2.73	0.73
(v) Miscellaneous expenses	261.26	841.65
Total	8,878.60	7,697.99

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 Marker (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 and other 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.



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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:

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Net Profit attributable to Equity Shareholders - ₹ in lakhs (Basic and Diluted)	1,688.14	23,532.80
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	53,311,887	53,311,887
(c) Earnings per share - Basic and Diluted - ₹ (Per share)	3.17	44.14

34 Leases

Details of Income/Expense recognised in the statement of Profit and Loss	As at 31 March 2021	As at 31 March 2020
Depreciation expense on right-of-use assets	113.33	112.15
Interest expense on lease liabilities	93.37	92.63
Total cash outflow for leases	169.94	88.74
Lease expense on Low Value Assets / Short term assets	1,237.85	1,209.40

Maturity analysis of Lease Liabilities (valued on undiscounted basis)	As at 31 March 2021	As at 31 March 2020
Year 1	649.29	736.13
Year 2	514.47	673.88
Year 3	493.72	592.90
Year 4	465.09	511.79
Year 5	325.82	420.39

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.

(b) Expenses recognised

Particulars	As at 31 March 2021	As at 31 March 2020
Included under 'Contributions to Provident and Other Funds' (Refer Note 29)		
Contributions to provident and pension funds	1,077.12	1,031.94
Contributions to Employee State Insurance	365.11	303.52
Total	1,442.23	1,335.46

35.2 Compensated absences

Particulars	As at 31 March 2021	As at 31 March 2020
Expenses recognised		
Included under salaries and wages (Refer Note 29)	324.68	733.99
Total	324.68	733.99

Particulars	As at 31 March 2021	As at 31 March 2020
Current portion	209.14	84.55
Non - current portion	980.80	1,041.79
Net liability recognised in the balance sheet	1,189.94	1,126.34



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	As at 31 March 2021	As at 31 March 2020
Discount Rate (% p.a)	6.59%	6.48%
Future Salary Increase (% p.a)	10.00%	10.00%
Attrition Rate	16.00%	16.00%

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 :

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Amounts recognised in statement of profit & loss		
Service cost		
- Current service cost	276.32	181.11
- Past service cost	-	-
- Net interest expense	(3.60)	(7.06)
Components of defined benefit costs recognised in statement of profit or loss (A)	272.72	174.05
Amounts recognised in statement of other comprehensive income		
Actuarial (gain)/loss on Plan Obligations	170.64	17.04
Difference between actual return and interest income on plan assets- (gain)/loss	13.64	14.02
Components of defined benefit costs recognised in other comprehensive income (B)	184.28	31.06
Total	457.00	205.11

(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 :

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation	1,215.92	599.24
Fair value of plan assets	899.11	568.40
Net (Liability) recognised in the balance sheet	(316.81)	(30.84)
Current portion of the above	-	-
Non current portion of the above	(316.81)	(30.84)
Total	(316.81)	(30.84)

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

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of defined benefit obligation at the beginning of the year	599.24	385.32
Expenses recognised in profit and loss account		
- Current Service cost	276.32	181.11
- Interest expense (income)	38.44	28.42
Remeasurement gains / (losses)		
- Effect of Changes in financial assumptions	(14.40)	37.69
- Effect of experience adjustments	185.04	(20.65)
Benefit payments	(29.88)	(12.65)
Effect of transfer of employees from Holding Company	161.16	-
Present value of defined benefit obligation at the end of the year	1,215.92	599.24
(i) The weighted average duration of the benefit obligation at 31 March 2021 is 10.523 years (As at 31 March 2020 is 10.873 years).		



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	As at 31 March 2021	As at 31 March 2020
Fair value of plan assets at the beginning of the year	568.40	399.29
expenses recognised in profit and loss account		
- Expected return on plan assets	42.04	35.48
Remeasurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions	(13.64)	(14.02)
Contributions by employer (including benefit payments recoverable)	171.03	160.30
Benefit payments	(29.88)	(12.65)
Effect of transfer of employees from Holding Company	161.16	-
Fair value of plan assets at the end of the year	899.11	568.40

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

Particulars	As at 31 March 2021	As at 31 March 2020
Investment funds with insurance company (Life Insurance Corporation of India)	899.11	568.40

(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 31 March 2021 was Rs.13.64 Lakhs (For the year ended 31 March 2020: Rs. 14.02 Lakhs).

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

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	6.75%	6.58%
Expected rate of salary increase	10.00%	10.00%
Withdrawal Rate	16.00%	16.00%
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)

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



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Sensitivity analysis:

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

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Discount rate		
- Increase by 50 bps	(40.64)	(21.01)
- Decrease by 50 bps	43.27	22.42
(b) Salary growth rate		
- Increase by 50 bps	41.29	21.53
- Decrease by 50 bps	(39.32)	(20.42)
(c) Withdrawal rate		
- Increase by 50 bps	(23.07)	(13.77)
- Decrease by 50 bps	24.55	14.63
(d) Mortality rate		
- Increase by 50 bps	(0.10)	(0.05)
- Decrease by 50 bps	0.10	0.06

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 the prior years.

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

- (i) The Company expects to make a contribution of Rs. 103.03 lakhs during the next financial year.
- (ii) The weighted average duration of the benefit obligation at 31 March 2021 is 10.523 years (As at 31 March 2020 is 10.873 years).
- (iii) Maturity profile of defined benefit obligation:

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

Particulars	As at 31 March 2021	As at 31 March 2020
Within 1 year	103.03	43.37
1 to 5 years	536.85	253.70
More than 5 years	588.59	295.20

Experience Adjustments

Experience Adjustments	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017
Defined benefit obligation	1,215.92	599.24	385.30	265.25	167.44
Fair value of plan assets	899.11	568.40	399.30	291.61	94.77
Surplus/(deficit)	(316.81)	(30.84)	14.00	26.36	(72.67)
Experience adjustment on plan liabilities [(Gain)/Loss]	(170.64)	(17.04)	(35.36)	(58.09)	(3.52)
Experience adjustment on plan assets [Gain]/(Loss)]	(13.64)	(14.02)	(2.65)	(24.53)	0.87



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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. S V Raja Vaidyanathan - Managing Director Mr. BN Raveendra Babu - Joint Managing Director (From 01 June 2020) Mr. Yogesh Ratnakar Udhoji - Chief Financial Officer (From 16 September 2019) Mr. Mayank Shyam Thatte - Chief Financial Officer (Upto 15 September 2019) Mr. V P Nandakumar - Chairman Mr. A Ramanathan - Independent Director 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 Atindra Mitra - Independent Director Mr. T. Balakrishnan - Independent Director Mr. T.M. Manoharan - Independent Director Mr. V.R. Rajiven - Independent Director (Upto 19 October 2019) Mr. Anup Kumar Gupta - Company Secretary (Upto 05 December 2020) Mrs. Aparna Menon - Company Secretary (From 27 October 2020)
Holding company	Manappuram Finance Limited
Entity over which KMP has significant Influence	Asirvad Development Foundation Proficient Investment and Financial Consultancy Private Limited
Group companies	Manappuram Comptech and Consultants Limited Manappuram Foundation

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

36.2 Transactions with the related parties

Nature	Name of the party	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration to KMP	Mr. S V Raja Vaidyanathan	348.95	286.08
	Mr. BN Raveendra Babu	150.15	-
	Mr. Yogesh Ratnakar Udhoji	63.52	39.40
	Mr. Mayank Shyam Thatte	-	27.64
	Ms. Aparna Menon	5.21	-
	Mr. Anup Kumar Gupta	9.54	13.92
Donation	Asirvad Development Foundation	9.00	15.00
	Manappuram Foundation	315.54	121.00
Interest on loan	Manappuram Finance Limited	-	0.65
Rent & other amenities	Manappuram Finance Limited	0.73	-
	Proficient Investment And Financial Consultancy Pvt Ltd	4.54	4.96
Training expenses	Manappuram Finance Limited	18.63	-
Purchase of software	Manappuram Comptech and Consultants Limited	413.00	-
Software expense	Manappuram Comptech and Consultants Limited	792.52	15.78
Sitting fees	Mr. A Ramanathan	5.76	5.66
	Mr. Abhijit Sen	3.84	0.30
	Mr. D.R. Dogra	4.04	3.48
	Mr. Gautam Saigal	4.32	3.66
	Ms. Pushya Sitaraman	3.93	2.01
	Mr. Subrata Kumar Atindra Mitra	2.97	0.30
	Mr. T. Balakrishnan	3.84	3.60
	Mr. T.M. Manoharan	2.63	2.30
Mr. V.R. Rajiven	-	0.89	



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Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

Commission	Mr. A Ramanathan	10.00	11.00
	Mr. D.R. Dogra	10.00	11.00
	Mr. Subrata Kumar Atindra Mitra	10.00	-
	Mr. Abhijit Sen	10.00	-
	Mr. Gautam Saigal	10.00	11.00
	Ms. Pushya Sitaraman	10.00	11.00
	Mr. T. Balakrishnan	10.00	11.00
	Mr. T.M. Manoharan	10.00	11.00
	Mr. V.R. Rajiven	-	11.00

36.3 Balance as at year end

Nature	Name of the party	As at 31 March 2021	As at 31 March 2020
Rent payable	Proficient Investment And Financial Consultancy Pvt Ltd	0.38	0.38
Software expense payable	Manappuram Comptech and Consultants Limited	95.91	10.67
Performance incentive payable	Mr. S V Raja Vaidyanathan	150.00	100.00
	Mr. BN Raveendra Babu	60.00	-
	Mr. Yogesh Ratnakar Udhoji	-	6.40
Commission payable	Mr. A Ramanathan	10.00	11.00
	Mr. D.R. Dogra	10.00	11.00
	Mr. Subrata Kumar Atindra Mitra	10.00	-
	Mr. Abhijit Sen	10.00	-
	Mr. Gautam Saigal	10.00	11.00
	Ms. Pushya Sitaraman	10.00	11.00
	Mr. T. Balakrishnan	10.00	11.00
	Mr. V R Rajiven	-	11.00
Mr. T.M. Manoharan	10.00	11.00	

Note:

- The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties.
- The Related Parties have confirmed to the Management that as at 31 March 2021 and 31 March 2020 there are no further amounts payable to / receivable from them, other than as disclosed above.
- 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.
- The transactions during the period are Inclusive of GST.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	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	-	-	-	-
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	-	-	-	-



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Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 :

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	4,62,716.91	4,50,064.97
Cash and bank balance	(64,846.87)	(1,20,074.44)
Net debt (A)	3,97,870.04	3,29,990.53
Equity share capital	5,331.19	5,331.19
Other equity	1,00,212.30	98,620.69
Total equity (B)	1,05,543.49	1,03,951.88
Net debt to equity ratio (A/B)	3.77	3.17

38 Fair value measurement

38.1 Financial instruments by category

Particulars	Carrying Value		Fair Value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(a) Financial assets				
<i>Measured at amortised cost</i>				
- Loans	4,79,519.17	4,34,327.51	4,79,519.17	4,34,327.51
- Cash and cash equivalents	64,846.87	1,20,074.44	64,846.87	1,20,074.44
- Bank balance other than above	18,721.99	20,229.57	18,721.99	20,229.57
- Other financial assets	6,566.94	9,524.34	6,566.94	9,524.34
- Loan given to staff	76.52	102.30	76.52	102.30
<i>Measured at fair value through OCI</i>				
- Investments	5.00	5.00	5.00	5.00
Total	5,69,736.49	584,263.16	5,69,736.49	5,84,263.16
(b) Financial liabilities :				
<i>Measured at amortised cost</i>				
- Debt securities	1,21,905.45	56,881.96	1,21,905.45	56,881.96
- Borrowings (other than debt security)	3,19,334.54	3,81,549.11	3,19,334.54	3,81,549.11
- Subordinated liabilities	21,476.92	11,633.90	21,476.92	11,633.90
- Trade payables	2,447.22	1,762.70	2,447.22	1,762.70
- Other financial liabilities	6,043.41	4,299.67	6,043.41	4,299.67
<i>Hedge accounting</i>				
- Derivative financial instruments	135.30	-	135.30	-
Total	4,71,342.84	4,56,127.34	4,71,342.84	4,56,127.34

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.

38.2 Fair value measurement hierarchy

The Company records certain financial assets and financial liabilities at fair value on a recurring basis. The Company determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Company holds certain financial assets which must be measured using the fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.



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(All amounts in ₹ lakhs unless otherwise stated)

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1 - Valuation based on quoted market price: Financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2 - Valuation using observable inputs: Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3 - Valuation technique with significant unobservable inputs: Financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

All the financial assets and liabilities except for derivative financial instruments is classified at amortised cost. The derivative financial instruments represents the cross currency interest rate swap (CCIRS) held for the purpose of hedging foreign currency denominated External Commercial Borrowings which is accounted as a cash flow hedge. CCIRS is being considered under Level 2 for fair valuation since observable inputs were used in the valuation of the instrument.

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 31 March 2021	As at 31 March 2020
Cash and cash equivalents (excluding cash on hand)	Low credit risk	64,622.15	1,20,060.88
Bank balance other than above	Low credit risk	18,721.99	20,229.57
Loans	Low credit risk	4,60,895.64	4,32,524.67
Loans	Moderate credit risk	18,605.43	1,802.84
Loans	High credit risk	18.10	-
Loan given to staff	Low credit risk	76.52	102.30
Investments	Low credit risk	5.00	5.00
Other financial assets	Low credit risk	6,566.94	9,524.34

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.



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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.

Particulars	Cash and cash equivalents	Other bank balance	Loan given to staff	Investments	Other financial assets
As at 31 March 2021					
Estimated gross carrying amount	64,846.87	18,721.99	76.52	5.00	6,566.94
Less: Expected credit losses	-	-	-	-	-
Net carrying amount	64,846.87	18,721.99	76.52	5.00	6,566.94
As at 31 March 2020					
Estimated gross carrying amount	1,20,074.44	20,229.57	102.30	5.00	9,524.34
Less: Expected credit losses	-	-	-	-	-
Net carrying amount	1,20,074.44	20,229.57	102.30	5.00	9,524.34

(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
Gross carrying amount as at 01 April 2019	3,52,755.62	1,017.38	1,814.16
Assets originated*	4,42,786.25	420.48	3,174.22
Net transfer between stages			
Transfer to stage 1	(7,682.33)	1,507.31	6,175.02
Transfer to stage 2	8.33	(513.58)	505.25
Transfer to stage 3	0.27	0.14	(0.41)
Assets derecognised or collected (excluding write offs)	(3,45,483.40)	(588.98)	(1,443.46)
Write - offs (including death cases)	-	-	(1,614.65)
Gross carrying amount as at 31 March 2020	4,42,384.73	1,842.76	8,610.13
Assets originated*	3,32,228.88	1,368.66	71.24
Net transfer between stages	-	-	-
Transfer to stage 1	7.00	(5.26)	(1.74)
Transfer to stage 2	(32,552.26)	32,553.06	(0.79)
Transfer to stage 3	(13,785.84)	(1,576.68)	15,362.52
Assets derecognised or collected (excluding write offs)	(2,57,786.34)	(101.43)	(608.42)
Write - offs (including death cases)	-	-	(14,346.16)
Gross carrying amount as at 31 March 2021	4,70,496.16	34,081.12	9,086.78

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



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

Particulars	Stage 1	Stage 2	Stage 3
Loss allowance as at 01 April 2019	3,529.40	10.54	1,847.21
Increase of provision due to assets originated during the year	9,956.60	26.73	3,141.17
Net transfer between stages			
Transfer to stage 1	(76.82)	15.07	6,175.02
Transfer to stage 2	0.08	(5.14)	505.25
Transfer to stage 3	0.00	0.00	(0.41)
Assets derecognised or collected	(3,549.20)	(7.29)	(1,443.46)
Impact of ECL on exposures transferred between stages during the year	-	-	-
Write - offs (including death cases)	-	-	(1,614.65)
Gross carrying amount as at 31 March 2020	9,860.06	39.92	8,610.13
Increase of provision due to assets originated during the year	6,791.45	624.28	71.10
Net transfer between stages			
Transfer to stage 1	0.14	(2.40)	(1.74)
Transfer to stage 2	(665.44)	15,584.87	(0.79)
Transfer to stage 3	(281.81)	(719.16)	15,331.91
Assets derecognised or collected	(6,103.88)	(51.81)	(595.78)
Impact of ECL on exposures transferred between stages during the year	-	-	-
Write - offs (including death cases)	-	-	(14,346.16)
Gross carrying amount as at 31 March 2021 (#)	9,600.53	15,475.69	9,068.68

(#) If the probability of default and loss given default increases or decrease by 100 basis point the expected credit loss will increase or decrease by ₹ 341.45 Lakhs (As at 31 March 2020: ₹ 185.10 Lakhs).

(III) Concentration of loans (*)

Particulars	As at 31 March 2021	As at 31 March 2020
Micro finance loans	5,09,303.14	4,51,369.70
Micro, small and medium enterprise (MSME)	4,107.54	1,467.92
Gold loans	253.38	-
Total	5,13,664.06	4,52,837.62

(*) 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 41.22 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.



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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 31 March 2021	Year ended 31 March 2020
Interest sensitivity*		
Interest rates – increase by 0.50%	851.85	1,337.22
Interest rates – decrease by 0.50%	(851.85)	(1,337.22)

* 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 (Euros) at the end of the reporting period expressed in ₹ are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Hedged		
ECB	(21,645.00)	-
Derivative financial instrument*	21,645.00	-
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 Commitments and contingencies

Particulars	As at 31 March 2021	As at 31 March 2020
A. Contingent liabilities:		
(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
Total	4,624.78	4,624.78
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Other Intangible Assets	382.00	-
Total	382.00	-

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.



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Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 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 received for AY 2016-17 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 November 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.

41 Disclosure pursuant to Master Direction DNBR. PD. 008/03.10.119/2016-17 issued by Reserve Bank of India

41.1 Customer complaints

Particulars	As at 31 March 2021	As at 31 March 2020
No. of complaints pending as at beginning of the year	29	2
No. of complaints received during the year	1,176	4,334
No. of complaints redressed during the year	865	4,307
No. of complaints pending as at end of the year	340	29

41.2 Details of registration with financial regulators

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

41.3 Disclosure of penalties imposed by RBI and other regulators

There are no penalty imposed by Reserve Bank of India and other regulators during the financial year

41.4 Related party transactions

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

41.5 Remuneration of directors (other than Managing Director)

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



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

41.6 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 ₹ 60,000 to women engaged in various income generating activities. Also, the Company provides secured loans to MSME and is engaged in the business of providing gold loans. As at 31 March 2021, the Company has provided loans to more than 24.18 lakhs borrowers and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

41.7 Ratings assigned by credit rating agencies

Particulars	As at 31 March 2021	As at 31 March 2020
Commercial paper*	A1+ (CRISIL)	A1+ (CRISIL)
Long Term Bank Facilities	AA-/Stable (CRISIL)	AA-/Stable (CRISIL) A+ / Stable (CARE)
Long term Non-Convertible Debentures	AA-/Stable (CRISIL) AA-/stable (Bric Works) A+/Stable(CARE)	AA-/Stable (CRISIL)
MFI Grading	MFI 1(CARE)	MFI 1(CARE)
Subordinated Debt	AA-/Stable (CRISIL)	AA-/Stable (CRISIL)
Market Linked Debentures	NA	AA-r /Stable (CRISIL)

*There is no outstanding balances of commercial paper as at 31 March 2021.

41.8 Sector-wise NPAs:

Particulars	As at 31 March 2021	As at 31 March 2020
Agriculture & allied activities	2.32%	1.43%
MSME	3.08%	2.10%
Corporate borrowers	NA	NA
Services	NA	NA
Unsecured personal loans	NA	NA
Auto loans (commercial vehicles)	NA	NA
Other loans	0.00%	0.00%

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

Particulars	As at 31 March 2021	As at 31 March 2020
Provision for income tax (excluding deferred tax)	6,618.90	9,832.60
Provision towards standard assets	15,176.24	4,919.11
Provision towards non performing assets	14,804.70	9,818.50
Provision and contingencies on gratuity	272.72	174.05
Provision towards compensated absences	324.68	733.99
Provision for insurance claim receivable	301.70	86.31
Total	37,498.94	25,564.56

41.10 Movement of NPAs

Particulars	As at 31 March 2021	As at 31 March 2020
Net NPAs to net advances (%)	0.00%	0.00%
Movement of NPAs (Gross)		
(a) Opening balance	8,610.13	1,814.16
(b) Additions during the year	14,822.81	8,410.62
(c) Reductions during the year	(14,346.16)	(1,614.65)
Closing balance	9,086.78	8,610.13
Movement of Net NPAs		
(a) Opening balance	-	-
(b) Additions during the year	18.10	-
(c) Reductions during the year	-	-
Closing balance	18.10	-
Movement of provisions for receivables under financing activities		
(a) Opening balance	18,510.11	5,387.16
(b) Provisions made during the year	29,980.94	14,737.60
(c) Write-off / write-back of excess provisions	(14,346.16)	(1,614.65)
Closing balance	34,144.89	18,510.11



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41.11 Overseas assets (for those with Joint ventures and Subsidiaries abroad)

The Company did not have any overseas assets during the current and previous year.

41.12 Off-balance sheet SPVs sponsored

The Company did not sponsor any SPVs during the current and previous year.

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

41.14 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Value of Investments		
(i) Gross Value of Investments		
(a) In India	5.00	5.00
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	5.00	5.00
(b) Outside India.	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess	-	-
Closing balance	-	-

41.15 Derivatives:

Particulars	As at 31 March 2021	As at 31 March 2020
Forward Rate Agreement / Interest Rate Swap		
The notional principal of swap agreements	21,645.00	-
(Gains)/losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	(135.30)	-
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps	-	-
The fair value of the swap book	(135.30)	-

Quantitative disclosures

Particulars	31 March 2021
<i>Derivatives (notional principal amount)</i>	
For hedging	21,645.00
<i>Marked to market positions</i>	
a) Asset (+)	-
b) Liability (-)	135.30
<i>Credit exposure</i>	-
<i>Unhedged exposure</i>	-

Qualitative disclosure

During the year ended 31 March 2021, the Company has entered into 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 31 March 2021, 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.



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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 31 March 2021, 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.

41.16 Capital Adequacy Ratio

Particulars	As at 31 March 2021	As at 31 March 2020
Tier I Capital	95,776.00	95,035.28
Tier II Capital	17,991.72	4,105.56
Total Capital	1,13,767.72	99,140.84
Total Risk Assets	4,87,752.64	3,90,794.75
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	19.64%	24.32%
Tier II Capital as a percentage of Total Risk Assets (%)	3.69%	1.05%
Total Capital (%)	23.33%	25.37%
Amount of subordinated debt raised as Tier-II Capital	12,600.00	4,300.00

41.17 Exposure to Real Estate Sector

Particulars	As at 31 March 2021	As at 31 March 2020
Category		
a) Direct exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	4,107.54	1,098.95
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	-	368.97
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential		
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	4,107.54	1,467.92

41.18 Exposure to capital market

The Company does not have any exposure to Capital market as at 31 March 2021 and 31 March 2020.

41.19 Details of financing of parent company products

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

41.20 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.

41.21 Unsecured Advances

Refer note 7(a)

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Notes forming part of the financial statements for the year ended 31 March 2021

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41.22 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2021:

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
Liabilities											
Borrowings from Banks, Financial institution and NBFCs	1,242.31	2,371.03	14,063.16	12,800.72	12,133.13	45,172.06	83,845.42	30,006.45	9,922.21	400.00	3,11,956.49
Market Borrowings	416.67	-	-	5,654.17	416.67	6,920.83	27,858.33	73,450.00	15,750.00	10,000.00	1,40,466.67
Securitisations	-	429.28	2,644.91	1,547.12	1,143.84	1,080.72	-	-	-	-	6,845.87
Total	1,658.98	2,800.31	16,708.07	20,002.01	13,693.64	53,173.61	111,703.75	03,456.45	25,672.21	10,400.00	4,59,269.03
Assets											
Advances	5,944.85	14,487.96	14,749.93	26,144.55	27,917.24	82,393.87	1,43,717.42	1,93,305.01	2,738.43	-	5,11,399.26
Investments	-	-	-	-	-	-	-	-	-	5.00	5.00
Total	5,944.85	14,487.96	14,749.93	26,144.55	27,917.24	82,393.87	1,43,717.42	1,93,305.01	2,738.43	5.00	5,11,404.26

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2020:

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
Liabilities											
Borrowings from Banks, Financial institution and NBFCs	785.49	1,894.84	10,719.03	12,473.49	11,661.78	41,190.44	82,623.56	1,46,205.31	14,384.00	-	3,21,937.94
Market Borrowings	-	-	-	1,083.33	3,541.67	3,500.00	19,616.67	17,746.65	22,553.35	-	68,041.66
Securitisations	-	-	-	-	6,444.96	22,958.69	26,316.68	3,367.45	-	-	59,087.77
Total	785.49	1,894.84	10,719.03	13,556.82	21,648.41	67,649.13	1,28,556.91	1,67,319.41	36,937.35	-	49,067.38
Assets											
Advances	-	-	-	-	26,028.93	79,513.56	1,39,585.22	1,97,538.24	325.84	-	4,42,991.79
Investments	-	-	-	-	-	-	-	-	-	5.00	5.00
Total	-	-	-	-	26,028.93	79,513.56	1,39,585.22	1,97,538.24	325.84	5.00	44,2996.79

42 Additional disclosure pursuant to paragraph 53 of Resolution Framework for COVID-19-related Stress- RBI/2020-21/16- DOR.No.BP.BC/3/21.04.048/2020-21 dated 06 August 2020

Type of borrower	"(A) Number of accounts where resolution plan has been implemented under this window "	"(B) exposure to accounts mentioned at (A) before implementation of the plan "	"(C) Of (B), aggregate amount of debt that was converted into other securities "	"(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation "	"(E) Increase in provisions on account of the implementation of the resolution plan "
Others	149,720	21,123.87	-	-	9,659.45

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts.

Column E denotes total provision held on such accounts as at 31 March 2021





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43 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

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

As at 31 March 2021

Number of Significant Counterparties	Amount	% of Total Deposits	"% of Total Liabilities"
2	119,833.28	Not Applicable	25.12%

As at 31 March 2020

Number of Significant Counterparties	Amount	% of Total Deposits	"% of Total Liabilities"
1	54,956.30	Not Applicable	11.28%

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 31 March 2021		As at 31 March 2020	
	Amount	% of total Borrowings	Amount	% of total Borrowings
Top 10 borrowings	264,439.15	57.15%	225,963.01	50.21%

(iv) Funding concentration based on significant instrument / product

Name of the instrument/product	As at 31 March 2021		As at 31 March 2020	
	Amount	% of total liabilities	Amount	% of total liabilities
Borrowings (other than debt securities)	319,334.54	66.94%	381,549.11	78.31%
Debt securities	121,905.45	25.56%	54,591.75	11.21%
Subordinated liabilities	21,476.92	4.50%	11,633.90	2.39%

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	31 March 2021	31 March 2020
Commercial papers as a % of total liabilities	0.00%	0.47%
Commercial papers as a % of total assets	0.00%	0.39%
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	2.65%	7.39%
Other short-term liabilities as a % of total assets	2.17%	6.09%

(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.



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44 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 31 March 2021		As at 31 March 2020	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
1	Liabilities: <i>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</i>				
(a)	Debentures				
	- Secured	91,065.73	-	30,242.78	-
	- Unsecured	52,316.64	-	35,982.87	-
	(other than falling within the meaning of public deposits)				
(b)	Deferred credits	-	-	-	-
(c)	Term loans				
	- Secured	307,449.87	-	317,423.69	-
	- Unsecured	5,038.80	-	5,037.65	-
(d)	Inter-corporate loans and borrowings	-	-	-	-
(e)	Commercial paper	-	-	2,290.21	-
(f)	Finance lease obligations	-	-	-	-
(g)	"Associated liabilities in respect of securitization transactions"	6,845.87	-	59,087.77	-
(h)	Cash credits	-	-	-	-

S.No	Particulars	Amount Outstanding	
		As at 31 March 2021	As at 31 March 2020
2	Assets: <i>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :</i>		
(a)	Secured	4,360.92	1,467.92
(b)	Unsecured	509,303.14	451,369.70
3	<i>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</i>		
(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	-	-

S.No	Particulars	Amount Outstanding	
		As at 31 March 2021	As at 31 March 2020
4	Break-up of Investments		
	<i>Current Investments</i>		
I	Quoted:	-	-
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
II	Unquoted:		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-


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	<i>Long Term Investments</i>		
I	Quoted:		
(i)	Shares:		
	(a) Equity		
	(b) Preference		
(ii)	Debentures and bonds		
(iii)	Units of mutual funds		
(iv)	Government securities		
II	Unquoted:		
(i)	Shares:	5.00	5.00
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-

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

S.No	Category	"As at 31 March 2021 (Net of Provisions)"		"As at 31 March 2020 (Net of Provisions)"	
		Secured	Unsecured	Secured	Unsecured
1	Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	4,256.09	475,263.08	1,387.91	432,939.60
	Total	4,256.09	475,263.08	1,387.91	432,939.60

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 31 March 2021		As at 31 March 2020	
		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)	(a) Subsidiaries	-	-	-	-
(b)	(b) Companies in the same group	-	-	-	-
(c)	(c) Other related parties	-	-	-	-
2	Other than related parties	5.00	5.00	5.00	5.00
	Total	5.00	5.00	5.00	5.00

7 Other Information

S.No	Category	As at 31 March 2021		As at 31 March 2020	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross non-performing assets	-	9,068.68	-	8,610.13
(ii)	Net non-performing assets	-	18.10	-	-
(iii)	Assets acquired in satisfaction of debt	-	-	-	-



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

45 High Quality Liquid Assets disclosure pursuant to RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019

Particulars	As at 31 December 2020*		As at 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets				
Cash and bank balances	15,655.12	15,655.12	17,624.27	17,624.27
Unencumbered fixed deposits	49,076.30	49,076.30	47,222.60	47,222.60
Total	64,731.42	64,731.42	64,846.87	64,846.87
Cash Outflows				
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	37,270.49	42,861.06	29,820.96	34,294.10
Other contingent funding obligations	-	-	-	-
Total	37,270.49	42,861.06	29,820.96	34,294.10
Cash Inflows				
Secured lending	-	-	-	-
Inflows from fully performing exposures	-	-	-	-
Other cash inflows	48,883.40	36,662.55	42,277.22	31,707.91
Total	48,883.40	36,662.55	42,277.22	31,707.91

Liquidity coverage ratio

Particulars	As at 31 December 2020	As at 31 March 2021
Total high quality liquid assets (a)	64,731.42	64,846.87
Total net cash outflows (b) (Refer, note below)	10,715.27	8,573.53
Liquidity coverage ratio (a)/(b)	604.10%	756.36%

Note Total net cash outflows over the next 30 days = Stressed Outflows - Minimum of (Stressed Inflows; 75% of Stressed Outflows).

* The inflows and outflows for the quarter ended 31 December 2020 have been extracted from the form DNBS4 filed by the Company with the Reserve Bank of India.

Qualitative disclosures

The Reserve Bank of India has prescribed monitoring of sufficiency of NBFC's liquid assets pursuant to RBI/2019-20/88 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 NBFCs to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Liquidity of the Company is managed by the Asset Liability Management Committee (ALCO) under the supervision of Borrowings committee.

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 weighted cash outflows are primarily driven by secured and unsecured from loans from banks, financial institutions (including ECBs), non-convertible debentures and securitization/direct assignment transactions. Borrowings contributed 79.47% and 82.39% of the total weighted cash outflows as at 31 March 2021 and 31 December 2020 respectively. The weighted cash inflows are primarily driven by unsecured micro loans and secured loans to MSME and individuals.

The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31 March 2021 was 756.36% which is above the regulatory requirement of 30.00%.



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

46 Disclosures of Frauds Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 / 03.10.042 / 2011-12 dated 2 March 2012:
(a) Current Year 2020-21

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	7	231.34	4	1.69
- By Others	1	2.65	24	9.13
Total	8	233.99	28	10.82

(b) Previous Year 2019-20

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	10	56.41	5	3.37
- By Others	5	9.19	30	15.99
Total	15	65.60	35	19.36

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

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

Net Interest Margin during the Year:

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Average Interest (a)	20.34%	21.49%
Average effective cost for borrowing Interest (b)	10.42%	11.49%
Net Interest Margin (a-b)	9.92%	10.00%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the years ended 31 March 2021 and 31 March 2020.

The Average interest cost of borrowings of the Company for the years ended 31 March 2021 and 31 March 2020 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 :

- Upfront processing fees paid by the Company for availing loans.
- 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 Corporate Social Responsibility (CSR)

During the year, the Company incurred an aggregate amount of Rs.344.54 Lakhs (Previous Year - Rs.150.57 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:

- Gross amount required to be spent by the Company during the year: Rs. 327.38 Lakhs
- Amount spent by the Company during the year:

Particulars	Amount Paid	Yet to be Paid	Total
Manappuram Foundation	315.54	-	315.54
PM Cares Fund	20.00	-	20.00
Asirvad Development Foundation	9.00	-	9.00
Total	344.54	-	344.54

48 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 31 March 2021, ₹ 337.63 Lakhs is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.



Asirvad Micro Finance Limited
Notes forming part of the financial statements for the year ended 31 March 2021
(All amounts in ₹ lakhs unless otherwise stated)

49 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
Cash flow hedge	Liability				
Foreign exchange forward contracts (Cross currency interest rate swaps)	135.30	27 August 2023, 13 October 2023 and 29 September 2023	(135.30)	200.25	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 income	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
Cash flow hedge				
Foreign exchange forward contracts (Cross currency interest rate swaps)	64.95	-	200.25	Finance Cost

50 Employee Stock Option Scheme (ESOS), 2019

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

Date of share holders' approval	March 16, 2019
Number of options approved	830,000
Date of grant	July 1, 2019
Number of options granted	830,000
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 year from the date of grant i.e. July 1, 2023
Exercisable period	The exercise period for the vested options shall be one year from the date of last vesting of the respective tranche
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 one year from the date of last vesting of the respective tranche.

The summary of the movements in options is given below:

Particulars	As at 31 March 2021	As at 31 March 2020
Options outstanding, beginning of year	655,000	-
Options granted during the year	-	830,000
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	142,500	175,000
Options Exercised during the year	-	-
Options unvested and Outstanding at the End of the Year	512,500	655,000
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	512,500	655,000
Total	512,500	655,000



Asirvad Micro Finance Limited

Notes forming part of the financial statements for the year ended 31 March 2021

(All amounts in ₹ lakhs unless otherwise stated)

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 management's assessment that no options will be exercised is nil.

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

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

51 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has proposed a moratorium on the payment of all principal instalments and/ or interest, as applicable, falling due between 01 March 2020 and 31 August 2020 to all eligible borrowers who have no overdue as on 29 February 2020. For all such accounts where the moratorium was granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy). The collection received during moratorium period has been adjusted towards moratorium interest first and then towards principal. Revised repayment schedule has been drawn as at 01 September, 2020 and future collection will be adjusted towards current interest, moratorium interest and principal till the moratorium interest is fully recovered and thereafter towards current interest and principal and accordingly the collections received for the month of September 2020 onwards has been adjusted as per the revised repayment schedule.

Further as per RBI Resolution framework dated 06 August 2020, the Company has done restructuring of loans for its 1.1 Lakh customers who has made request for restructuring of their loan as their livelihood was severely impacted due to COVID and the loans worth ₹ 21,124 Lakhs were restructured.

As at 31 March 2021, the Company has made provision towards impairment loss allowance amounting to ₹ 34,145 Lakhs which includes potential impact on account of COVID-19 pandemic on the Company's operations. This provision was made based on available information then and given the uncertainty over the potential macro-economic impact and based on the policy approved by the board, to determine the provision for impairment of financial assets.

The company witnessed a substantial improvement in all the business parameters of the Company in the last quarter of the year. The Company has achieved overall collection efficiency of 93% in the last quarter and also there was good demand for its loan product given the fact that economic recovery was gaining the momentum.

The nation is now going through the second COVID wave, though the Company is well prepared to handle the COVID this time, as the lockdowns are more localized, digital collection through paytm/airtel has been activated, Micro Finance Institutions (MFIs) has been classified under essential service and so resultant we have achieved collection efficiency of 91% in April 2021 despite of lockdown and restriction on employee movement. Further The RBI has taken the swift action has opened the restructuring window vide Resolution Framework 2.0 notification dated 05 May 2021 for NBFCs which will certainly benefit the Company.

The Company has taken adequate safety measures to protect its employees and also will ensure vaccination for its field staff on priority basis which will help company to continue its business operations with minimum disruption. The current provision made under impairment loss allowance with revised estimates seems to be adequate. However, the Company will continue to closely monitor any material changes to future economic conditions due to the impact of pandemic.

52 Standards issued but not yet effective

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.

53 Previous year figures

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

For Walker Chandiook & Co LLP
Chartered Accountant
Firm Registration No: 001076N/N500013

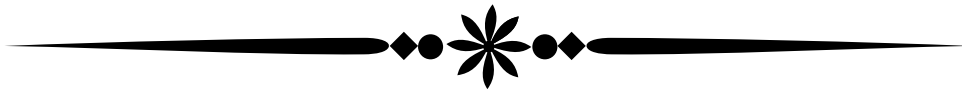
Sumesh E S
Partner
Membeship No: 206931
Place : Chennai
Date : 24 May 2021

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

V P Nandakumar
Chairman
(DIN No.00044512)
S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Yogesh Ratnakar Udhoji
Chief Financial Officer
Aparna Menon
Company Secretary

Place : Chennai
Date : 24 May 2021



**“On the other side of a storm is the strength
that comes from having navigated through it.
Raise you sail and begin.”**

- Gregory S. William



17

Corporate & CSR Activities



Corporate Events

Gold Loan Branch Opening



Women's Day Celebration





CSR Activities

Neonatal Ambulance Service



Management Team





*Do not Judge me by my Success,
Judge me by how many times
I Fell down and got back up again*

- Nelson Mandela

