

Asirvad Microfinance Limited
(Subsidiary of Manappuram Finance Limited)
CIN: U65923TN2007PLC064550
Regd Office: 1st Floor, Deshabandhu Plaza, 47, Whites Road, Chennai - 600014
Statement of Unaudited Interim Financial Results for the Quarter Ended 30 June 2020

S.No	Particulars	Quarter Ended			Amount Rs. In Lakhs
		30 June 2020	31 March 2020	30 June 2019	Year ended
		Unaudited	Unaudited (Refer note 6 below)	Unaudited (Refer note 4 below)	31 March 2020 Audited
(I)	Revenue from Operations				
	(a) Interest Income	23,431.82	26,288.90	19,838.31	91,338.06
	(b) Dividend Income	530.32	228.92	295.22	947.06
	(c) Net Gain on derecognition of Financial Instruments under amortised cost category	2,346.38	12,590.98	-	12,590.98
	(d) Other operating income	25.33	144.12	187.73	629.84
	Total Revenue from Operations	26,333.85	39,252.92	20,321.26	1,05,505.94
(II)	Other income	281.71	994.65	929.70	4,638.46
	Total Revenue (I+II)	26,615.56	40,247.57	21,250.96	1,10,144.40
(III)	Expenses				
	(a) Finance cost	12,384.82	17,919.64	6,911.18	40,943.86
	(b) Employee benefit expenses	3,646.93	4,451.39	3,345.80	15,015.83
	(c) Depreciation, amortization and impairment	198.86	319.36	46.26	714.45
	(d) Impairment of financial instruments	1,507.11	4,288.51	1,668.22	9,234.97
	(e) Other expenses	1,738.02	1,892.87	1,738.65	7,702.60
	Total Expenses	19,475.74	28,871.77	13,710.11	73,611.71
(IV)	Profit before tax and Exceptional Item (I + II - III)	7,139.82	11,375.80	7,540.85	36,532.69
(V)	Exceptional items (Refer Note 3 below)	7,557.46	3,917.17	-	5,502.64
(VI)	(Loss)/Profit before tax (IV - V)	(417.64)	7,458.63	7,540.85	31,030.05
(VII)	Tax Expense	(158.15)	1,405.76	2,608.26	7,497.25
(VIII)	(Loss)/Profit after tax (VI - VII)	(259.49)	6,052.87	4,932.59	23,532.80
(IX)	Other Comprehensive Income				
	(i) Items that will not be classified to profit or loss				
	Remeasurement gains and (losses) on defined benefit obligations (net)	(7.77)	(59.65)	15.00	(31.06)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	1.96	15.02	(5.24)	7.82
	Total Other Comprehensive Income (i+ii)	(5.81)	(44.63)	9.76	(23.24)
(X)	Total Comprehensive Loss/Income for the period/year (VI + VII)	(265.30)	6,008.24	4,942.35	23,509.56
(XI)	Paid-up equity share capital	5,331.19	5,331.19	5,331.19	5,331.19
(XII)	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	Not Applicable	Not Applicable	Not Applicable	98,620.69
(XIII)	Earnings per Share of Rs.10 each				
	- Basic	(1.95)	11.35	37.11	44.14
	- Diluted	(1.95)	11.35	37.11	44.14
		(not annualised)	(not annualised)	(not annualised)	(annualised)

Notes :

1. The above Interim Financial Results for the quarter ended 30 June 2020 were reviewed by the Audit Committee and upon their recommendation, approved by the Board of Directors in their respective meetings held on 23 July 2020 and 24 July 2020. The Statutory Auditors of the Company have carried out a Limited Review on the Interim Financial Results for the quarter ended 30 June 2020.

2. The Interim Financial Results for the quarter ended 30 June 2020 has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

3. 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, 17 April 2020 and 23 May 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 1 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 is 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). However the Company has adjusted the collections received from the customers during the quarter 30 June 2020 against their respective dues including advances received upto 31 March 2020.



Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial results. Accordingly, the Company has made an additional prudential provision of Rs.7,557.46 Lakhs, over and above provision made under ECL, towards potential impact on account of COVID-19 pandemic for the quarter ended 30 June 2020, which is disclosed as an exceptional item. Based on the current indicators of future economic conditions and information available at this point of time, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

The extent to which the COVID-19 pandemic will impact the Company's results will depend on future developments, which are uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Company. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

4. Pursuant to the regulatory guidance on Ind AS issued by RBI dated 13 March 2020 to promote consistent Ind AS implementation among NBFCs, the Company had changed its policy on accounting for securitised assets and direct assignment transactions. The securitised assets which were hitherto, de-recognized in the books based on 'True Sale Criteria' prescribed by RBI, have now been re-recognised in the books along with interest income using effective interest rate as 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'. Proceeds received from securitisation has been recognised as Borrowings (other than debt securities) and Interest thereon has been recognised as Finance cost. Similarly, the gain on sale of assets arising from a direct assignment transactions, has been recognised on de-recognition as interest only strip. The Impact on account of the same for the corresponding quarter ended 30 June 2019 was recognized during the quarter ended 31 March 2020.

Accordingly the figures for the quarter ended 30 June 2019 are as previously published, and do not reflect the impact of the aforesaid adjustment on account of change in accounting policy. The impact of such change on financial performance for the quarter ended 30 June 2019 is given below:

Financial line item	Amount Rs. In Lakhs
	For the quarter ended 30 June 2019 (increase / (decrease))
Interest Income	1,649.47
Other income	(40.00)
Finance Cost	2,583.46
Provision and Other Losses	(239.97)
Other Expenses	(3.99)
Tax Expense	(183.75)
Loss after Tax for the period	(546.28)
Impact on Basic Earnings per Share of Rs.10 each	(4.11)


5. The Company had introduced Employee Stock Option Scheme to eligible employees of the Company w.e.f from 1 July 2019 ("Relevant Date"). Accordingly the Company has recorded an amount of Rs.355.72 Lakhs during the quarter ended 30 June 2020 towards fair value of such options.

6. Figures for the quarter ended 31 March 2020 is balancing figure between audited figures in respect of full financial year and the unaudited figures for 9 months ended 31 December 2019, which were approved by the Board of Directors and subjected to limited review by the auditors.

7. The Company is primarily engaged in the business of Micro Finance and hence, does not have any additional disclosures to be made under Ind AS 108 - Operating Segments.

8. Previous period figures have been regrouped / reclassified wherever necessary to conform with the current period presentation.

For and on behalf of the Board of Directors


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

Place : Chennai
Date : 24 July 2020

