

ON THE PATH OF GROWTH...

LED BY INFINITE
OPPORTUNITIES



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Key Numbers FY 2022-23

₹ 10,040.89 Crores
AUM

₹ 218.13 Crores
PAT

To view this report online, please visit:
www.asirvadmicrofinance.co.in



ON THE PATH OF GROWTH...

LED BY INFINITE OPPORTUNITIES

The past fiscal has weathered many storms. Notwithstanding the global headwinds witnessed impacting economies worldwide, the Indian economy also had to deal with many macro and industry-specific challenges. Despite the bottlenecks, the economy showed great resilience and set the stage for recovery supported by robust domestic drivers and encouraging government initiatives. With this renewed optimism and backed by the right growth levers, we scaled new heights ending FY23 with a strong growth trajectory and improved collection efficiency.

Our market proficiency, assorted product portfolio, skilled workforce and state-of-the-art technological capabilities continue to help drive operational efficiency and provide a seamless and delightful customer experience while expanding customer base.

The introduction of RBI's new harmonised regulations for the microfinance sector has set the ball rolling for the sector. NBFC-MFIs will now have greater flexibility in managing their risks while increasing their outreach which is likely to fuel further investments in the sector. Furthermore, healthy capital adequacy levels have helped microfinance companies maintain substantial capital buffers apart from greater collection efficiency resulting in renewal in borrower sentiment for the sector.

With the sector geared for a promising future, Asirvad is poised for further growth, more focussed than ever to unleash infinite opportunities towards driving financial inclusion while powering sustainable growth.



Asirvad at a Glance

POWERING GROWTH WITH INFINITE OPPORTUNITIES

Asirvad Micro Finance Limited (Asirvad), is an RBI-approved NBFC founded in 2007, by IIT & IIM alumni Shri S.V. Raja Vaidyanathan and family members. We became a subsidiary of Manappuram Finance Limited in February 2015. Our microfinance loans are curated for women from poor and lower-income households and disbursed via our vast branch network spread across 22 States and 3 Union Territories as on March 31, 2023.

Touted as one of the best companies in India that offers microfinance loans at the lowest cost, our product offerings comprise Micro Finance loans, MSME loans, and Gold loans. As on Company's operating expenses (excluding Depreciation) to Average Assets Under Management (AUM) stood at 6.01% as on March 31, 2023.

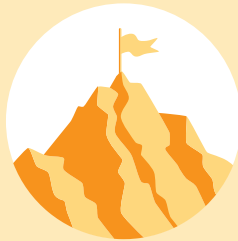
Our deep market expertise, diverse offerings and expanding regional footprint help us empower more people from the bottom of the pyramid for creating a financially inclusive Indian ecosystem.

We continue to leverage technology and processes through our robust systems and skilled workforce for powering sustainable growth for the Company while creating long-lasting value for our stakeholders.



Vision

To empower the members at the bottom of the pyramid by providing financial assistance.



Mission

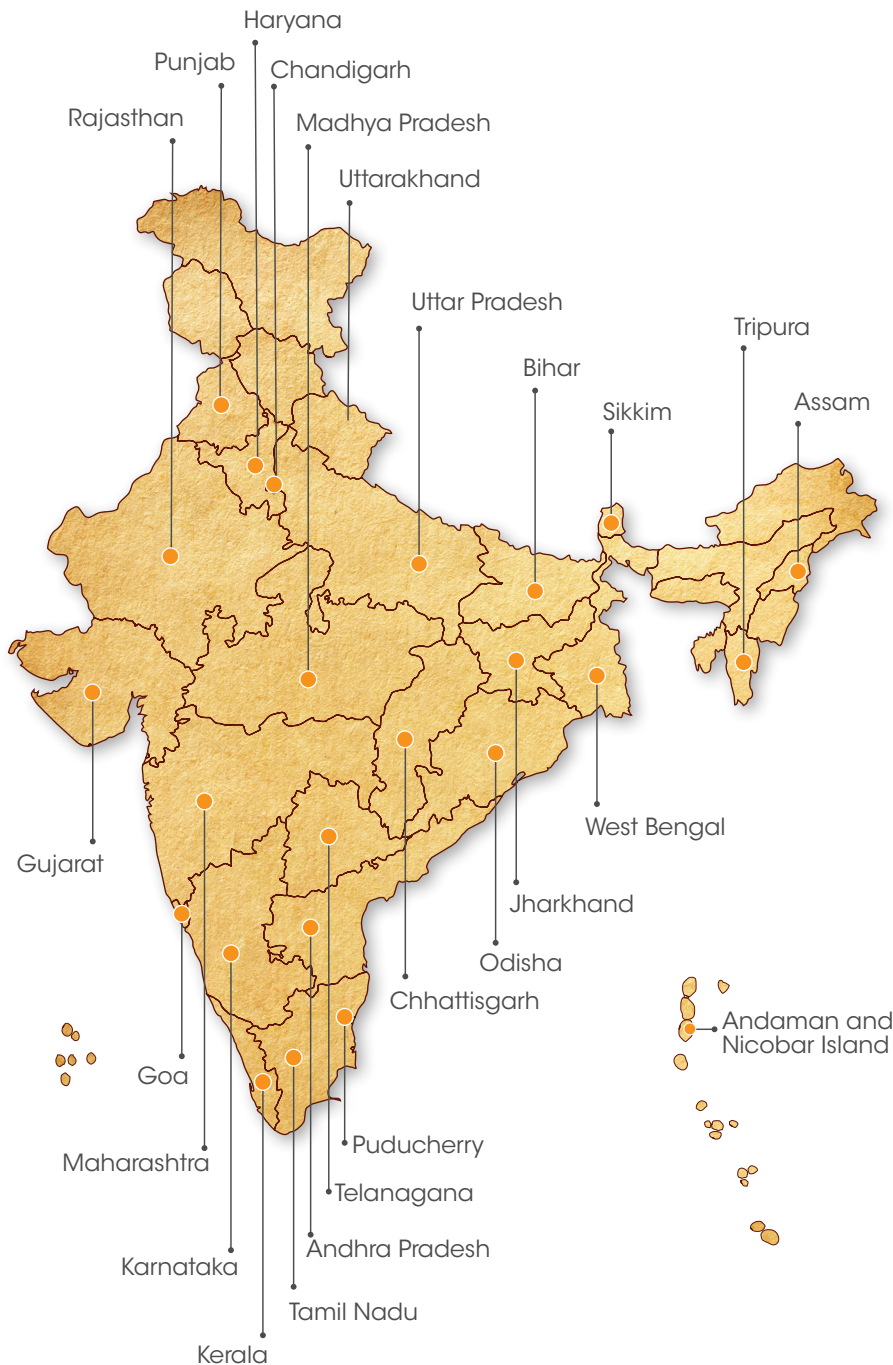
To organise groups of committed poor women and provide innovative financial services in a sustainable manner to alleviate poverty through viable income generation activities.



Values

- A** - Acceptance
- S** - Support
- I** - Integrity
- R** - Resilience
- V** - Viable
- A** - Adaptable
- D** - Dependable

Branch Network



Map not to scale. For illustrative purposes only.

Quick Facts

15,874

No. of employees

₹ 218.13 Crores

PAT

₹ 19,248.58 Crores

Total Disbursements

3.2 Million

No. of Borrowers

CRISIL AA-/Stable

Bank Loan

CRISIL AA-/Stable

Long Term- NCD

CRISIL AA-/Stable

Long Term Sub-debt

CRISIL AA-/Stable

Long Term Principal Protected
Market Linked

CRISIL A1+

Commercial paper

OUR MILESTONES



Reserve Bank of India (RBI) granted NBFC licence in December; Started operations in Tamil Nadu with 8 employees

2007



Portfolio surpassed ₹ 100+ Crores with 2.20 Lakh active members; 85 branch networks in Tamil Nadu

2011



Acquired by Manappuram Finance with an 80% stake

2015



Got MFI -1 CARE Rating - the highest rating in the industry; Joined the elite club of large MFIs with a total AUM of ₹ 2,400+ Crores

2018



Crossed ₹ 1,000+ Crores in Assets Under Management (AUM)

2016



Crossed ₹ 5,000+ Crores in AUM

2019



Launched a new business line, Asirvad Gold Loan

2021



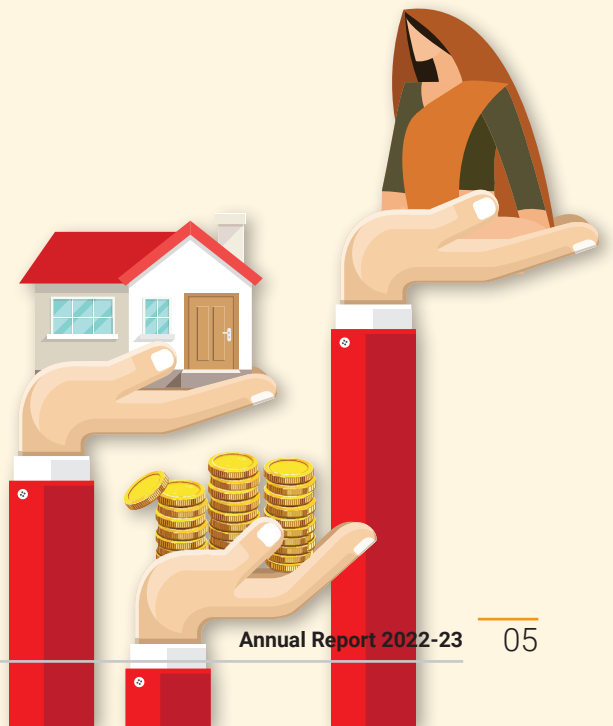
Crossed ₹ 10,000 Crores AUM

2023



UNIQUE PRODUCT SUITE

Our Offerings



FROM THE DESK OF THE CHAIRMAN

“ Since May 2022, the Reserve Bank of India had hiked the repo rate by 250 bps. The impact began to be felt in March 2023 with the latest data showing CPI inflation at 4.7% while wholesale inflation turned into mild deflation. India’s agricultural sector recorded a growth of 4% as compared to 3.5% in FY 2021-22.”

Dear Shareholders,

It is with great pleasure that I present to you our 16th Annual Report for the year ended March 31, 2023.

The year gone by had its share of turbulence. You will recall that no sooner had the second wave of Covid-19 subsided than the Russia-Ukraine conflict unleashed new geo-political equations and extended the duration of the fragile recovery of the global economy. Economies across the globe faced the knotty combo of low growth and high inflation. Notwithstanding the many macro and industry-specific challenges that ensued, we have ended the year with substantial growth and improved collection efficiency. With the process of recovery gaining momentum, we now look forward with optimism to the days ahead. I have no doubt that the future holds tremendous promise for Asirvad, especially in the light of RBI’s new harmonised regulations for the microfinance sector announced in March 2022, which is acknowledged as a milestone for the sector.

Economic Outlook

As is well known, the slowdown in the world economy continued in FY 2022-23 due to simmering geo-political tensions and escalation of war between Russia and Ukraine. To make matters worse, advanced economies faced the spectre of stagflation and central banks with the US Federal Reserve at the forefront embarked on a rate hike spree to quell inflation that had risen above 8% due to unprecedented quantitative easing. These developments resonated in India also. However, India’s GDP grew at a healthy rate of 7.2% in FY23 on top of a 9.2% growth registered in the previous fiscal, buoyed by agricultural and service sectors though industry experienced moderation in growth. While the base effect did play a part, as seen in the first quarter of the year which registered a GDP growth of 13%, the sustained trend of record GST collections and robust growth in services exports pointed to a sharp rebound in the formal sector of the economy.

RBI had hiked the repo rate by 250 bps since May 2022 and the impact began to be felt from March 2023 with the latest data showing CPI inflation at 4.7% while wholesale inflation turned into mild deflation. India’s agricultural sector recorded a growth of 4% as compared to 3.5% in FY 2021-22. Importantly, GDP growth in the fourth quarter of FY23 was a healthy 6.1% which holds promise of a better year ahead for agriculture, provided the monsoon holds good, as predicted.



Overview of Microfinance Sector

The microfinance business model gives people at the bottom of the pyramid access to financial services provided by the formal sector and is therefore critical to the country's efforts to further financial inclusion. It is therefore heartening to learn that despite all the troubles of the year, the Gross Loan Portfolio (GLP) of the microfinance industry grew by 10% in FY 2022-23 to cross ₹ 3 Lakh Crores, up from ₹ 2.9 Lakh Crores in the preceding year. The average ticket size for NBFC-MFIs also increased during the year.

According to available statistics, NBFC-MFIs' book grew ~40% between fiscals 2017 and 2023. Top players, who account for ~60% of the total NBFC-MFI gross loan portfolio (GLP), managed to raise adequate funds despite the pandemic-induced lockdowns. These funds will be utilised to meet the surge in demand, which had declined in the previous years. Companies have maintained healthy capital buffers, as is evident from healthy capital adequacy levels. Repayments are expected to be better, going forward. Healthy capital buffers and improvement in collections will ensure disbursements will be ramped up in the coming fiscal as well. This should lead to an AUM growth of 10-12% for fiscal 2024 and beyond. The Portfolio at Risk (PAR) for loans overdue by more than 30 days also improved significantly along with collection efficiency, indicating that a return to normalcy for MFI borrowers is on the cards. However, the outlook on monsoons is a crucial determinant. Though IMD predicts normal south-west monsoon, there are also predictions of an impending El Niño which may queer the pitch for the fortunes of the sector, if it happens.

Poised for Growth

Having weathered the storms of the past two years, the NBFC-MFI business model stands vindicated once again. The Reserve Bank of India has reiterated its confidence in the sector with the introduction, in March 2022, of harmonised regulations for microfinance as an asset class. The new regulations give greater flexibility to NBFC-MFIs in managing their risks and increasing their reach and this is likely to spur further investment in the sector. The uniform applicability of the regulations and the removal of interest rate ceiling are major positives for the industry. India's microfinance sector is now better placed to fulfil its goal of extending credit to the unbanked sections.

Performance of your Company

It is heartening that your Company was able to post a robust growth in profitability and AUM. The AUM of your Company has crossed the ₹ 10,000 Crores milestone with a net profit of ₹ 218 Crores, notwithstanding some macro-economic stress. Your Company was also able to control credit costs through focussed efforts on collections. Asirvad's operating income increased by 25.39%, up from ₹ 1,367.8 Crores in FY 2021-22 to ₹ 1,715.19 Crores in FY 2022-23. We now serve 3.34 million customers, up from 2.57 million recorded in the preceding year.

A Word in Gratitude

Finally, let me thank all our shareholders, our banking partners, the Reserve Bank of India and all other stakeholders for the support extended over the years. I take this opportunity to thank Mr. B.N. Raveendra Babu, Managing Director, and the entire team at Asirvad, for admirably steering the ship through choppy waters. I would also like to place on record my gratitude to Mr. S.V. Raja Vaidyanathan, the founder of the Company and its Managing Director till June 30, 2021, for his many and valuable contributions. Thanks to all their efforts, we are now well-positioned to consolidate our gains and grow further.

With best wishes,

V P Nandakumar
Chairman



A TALK WITH THE MANAGING DIRECTOR

“ The 41% Q-o-Q jump in profits for Q4 suggests that we have a splendid opportunity to make major gains going forward, as the process of economic recovery is still on, especially in the rural and semi-urban areas. Healthy capital buffers and improvement in collections will ensure disbursements are ramped up in the coming fiscal as well. ”



Dear Shareholders,

It gives me immense pleasure to share with you the 16th Annual Report. This is indeed a momentous phase in the evolutionary growth of your Company and I feel privileged to have led Asirvad as Managing Director during FY 2022-23.

The year gone by was all about waving goodbye to the pandemic and getting back to the track of progress, rebuilding and consolidation. The economy showed clear signs of a rebound though the disruption of global supply chains affected manufacturing and services sectors and inflation rose significantly. For our customers, mostly women at the bottom of the pyramid, it was a mixed-bag situation; while shutdowns became a thing of the past, many were still reeling from the damage caused in terms of lives and livelihood.

Having stood by our customers during the seemingly unending Covid phase, we saw our commitment and resilience paying off in terms of vastly improved collections. As a result, we were able to record an impressive growth in AUM that crossed the ₹ 10,000 Crores milestone, going up by 43% Y-o-Y. We disbursed MFI loans worth ₹ 8,397 Crores and the number of our customers stood at 33 lakhs. Asirvad's operating income increased by 24.60%, to reach ₹ 1,759 Crores in FY 2022-23.

Creditably, there has been a total turnaround in profitability, and our PAT swelled to ₹ 218 Crores in FY 2022-23 from ₹ 15 Crores recorded in FY 2021-22. We believe that the 41% Q-o-Q jump in profits for Q4 suggests that we could make gains going forward, as the process of economic recovery is still on, especially in the rural and semi-urban areas. We believe that the healthy capital buffers and improvement in collections will help ramp-up disbursements in the coming fiscal as well. Our network criss-crosses the country and we have 1,684 branches across 391 districts of 22 states and 3 UTs.

We were the first MFI-NBFC in the country to be awarded rating of AA- by CRISIL. We have been able to maintain this credit rating, thanks to our robust risk management practices and processes.

We continue to invest in a strong digital ecosystem in tune with our conviction that technology is a key driver of financial inclusion. We have a fully integrated core banking system that has been developed in-house. In fact, Asirvad is one of the first NBFC-MFIs to develop and operate cashless disbursements, operates on a state-of-the-art cloud infrastructure, onboarding of customers supported by real-time integration with CIC for underwriting loans, automated KYC checks, centralised general ledgers integrated to each process, digital learning platform and a paperless office.

As is our wont, in FY 2022-23, to, Asirvad came up with several meaningful CSR projects, designed to help the most needy and underprivileged sections of the society. Let me give a few examples. In March this year, through the auspices of Manappuram Foundation, the CSR arm of the parent company, we distributed 50 electric wheelchairs for muscular dystrophy affected patients at a function in Kochi. In Valapad panchayat, 15 houses were built and handed over recently to BPL families in a colony. In another project aimed at students from destitute families, education kits were distributed to 2,200 children of four panchayats in Thrissur.

To conclude, none of these achievements, innovations and positive results would have been possible without the resilience and team spirit demonstrated by our workforce at all levels. It is a double delight when we realise that while your Company makes gains, it also empowers rural entrepreneurs and contributes to the nation's overall economic development. Much of rural India is still outside the formal financial system and this is where MFIs like ours have a huge role to play.

I take this opportunity to express my sincere gratitude to the regulators for their continuous guidance and support in helping us prosper and serve those who are less privileged. I also acknowledge the efforts and guidance of our esteemed Board members and the parent Company. I express my gratitude to all our shareholders and customers for their continued support.

The journey of Asirvad has only begun. Together, let us innovate, be future-ready, go beyond the predictable and create new benchmarks.

With best wishes,

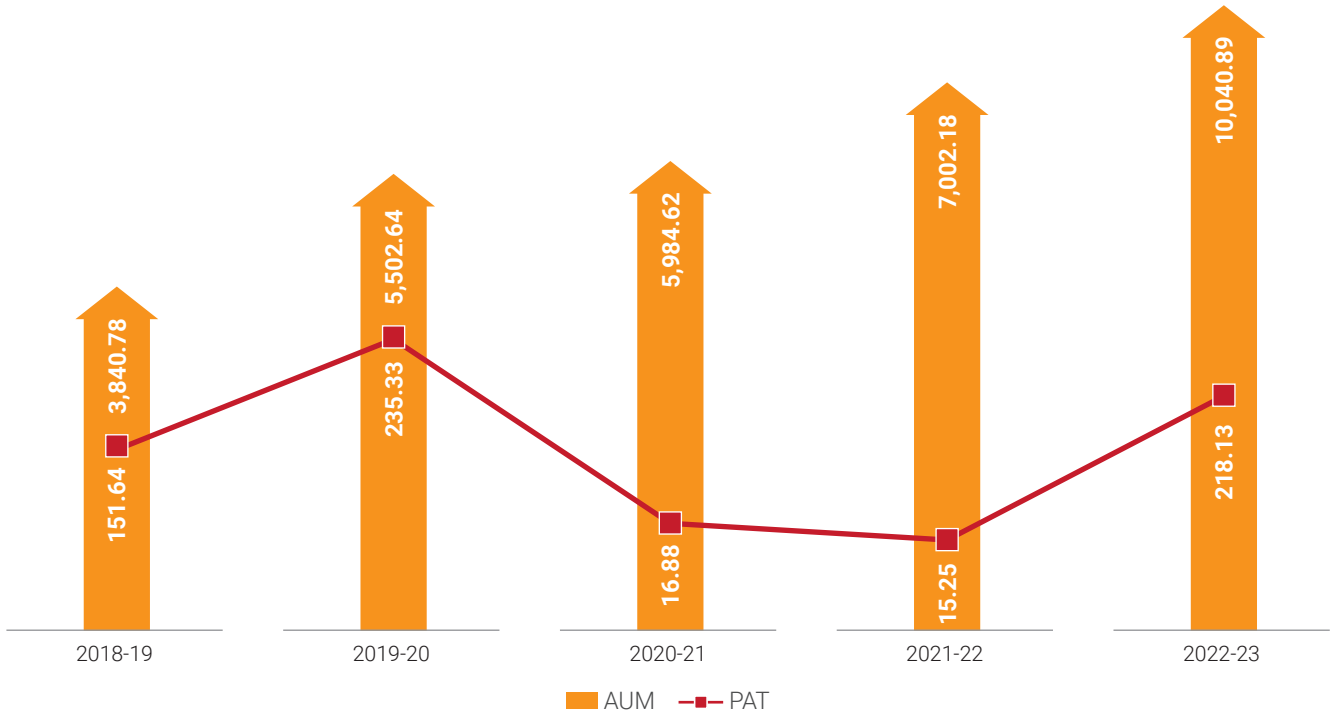
B.N. Raveendra Babu
Managing Director



PERFORMANCE SCORECARD

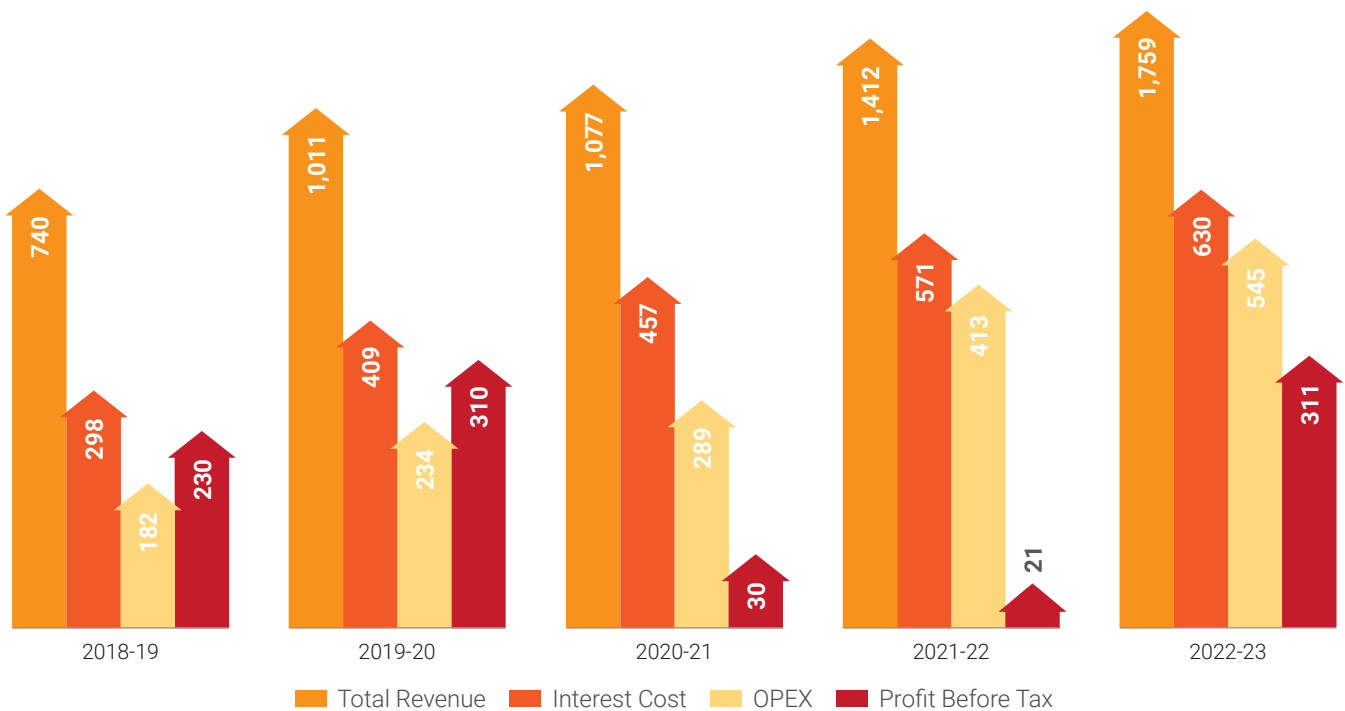
Assets Under Management & Profit After Tax

(₹ Crores)

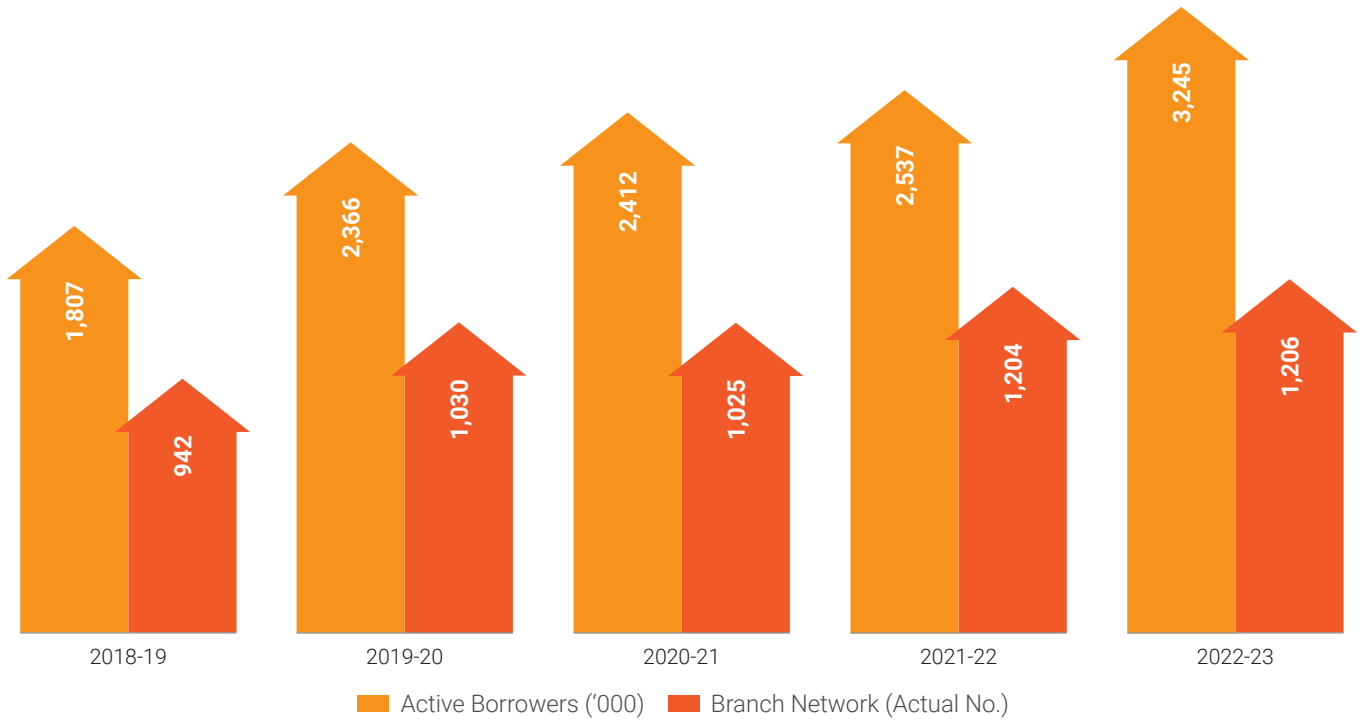


Total Revenue, Interest Cost, OPEX, Profit Before Tax (PBT)

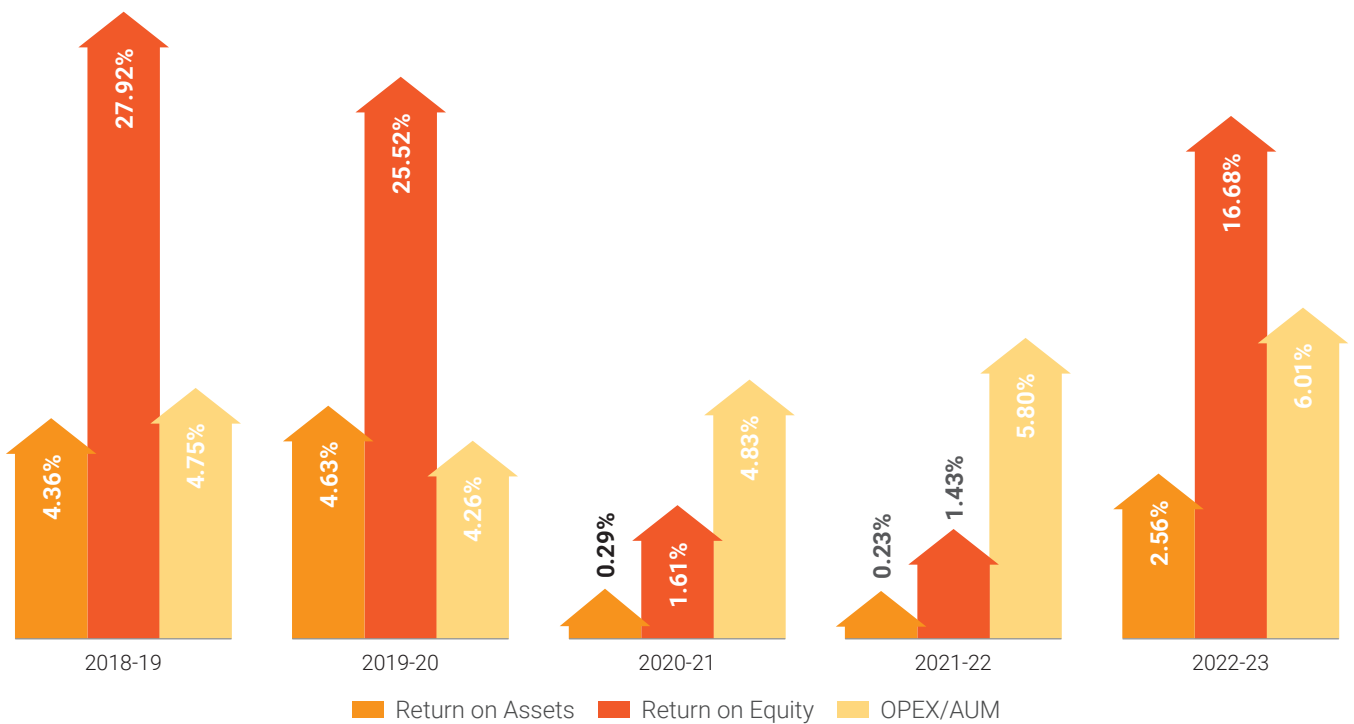
(₹ Crores)



Operational Metrics (MFI)



Financial Ratio



UNLOCKING ROBUST TECHNOLOGIES FOR SUSTAINABLE GROWTH

At Asirvad, we continue to adopt cutting-edge digital technologies to improve operational efficiencies and tap opportunities to create more robust products. Integrating technologies helps us expand our customer access, promote financial inclusion and gain a competitive edge.

Our intent to actively adopt innovative technologies has augmented our operational processes while increasing our customer base. Technology-led interventions including mobile technology, internet and mobile banking services have increased our operational efficiencies and reduced operating costs, allowing us to pass the savings forward to our consumers and boost financial inclusion.



While maintaining a steady focus on technological interventions, we are also expanding our technological capabilities via internal investments or strategic alliances and partnerships.

For a scalable and secure IT infrastructure ecosystem, we have migrated Asirvad's workload to Oracle Cloud Infrastructure (OCI). The services include leveraging our complete Loan

Origination System (LOS) and Loan Management System (LMS) platform via an open Application Program Interface (APIs), General Packet Radio Service (GPRS) enabled applications, real-time data transfer to servers maintained at OCI.

Integrating the various technologies has improved our operational efficiencies while helping us gain a stronger market foothold.

Key Technology Initiatives Towards Digital Transformation

<p>Real-time integration with CICs to analyse reports for faster loan approval and processing towards responsible financing</p>	<p>Implemented cashless disbursements and digital collection channels to minimise theft, fraud, and collection cost while reducing loan disbursement turnaround time</p>	<p>Deployed automated cash management solution to maintain a minimum cash balance in our MFI branch, for lowering cash handling and reconciliation costs</p>	<p>Introduced workforce management system for efficient and effective workforce management towards achieving higher profitability per employee</p>
<p>Implemented E-SIGN (Electronic Sign Services) for digitising loan processing documents and reduce associated with document handling and validation</p>	<p>Enforced an Oracle Analytics platform with instant report configuration for better decision-making and an analytic dashboard to execute efficient processes</p>	<p>Introduced a digital grievance redressal mechanism for customers to maintain transparent customer relations</p>	

Our Digital Numbers

<p>₹ 929 Crores Digital Collection</p>
<p>0.68 Crore in number Real-time CIC checks</p>
<p>0.18 Crore in number Customer KYC Validations</p>
<p>0.19 Crore in number Bank Account Validations</p>



Our Strong Leadership

BOARD OF DIRECTORS



Mr. V. P. Nandakumar

Chairman

Shri V. P. Nandakumar - the Chairman of the Company is a pioneer of the institutionalised model of gold loans. He is the MD & CEO of Manappuram Finance Ltd., one of India's leading NBFCs. He holds a postgraduate in science apart from qualifications in Banking and Foreign Trade. In 1986, he took over the reins of a single branch family business, following his father, V.C. Padmanabhan's demise. In 1992, he incorporated Manappuram Finance Ltd. His vision, values and leadership have been instrumental in transforming the business into a finance sector powerhouse over a span of three decades.

He is a managing committee member of leading trade and industry associations including FICCI, Assocham. He is also a former Chairman of the Kerala State Council of the CII and a finalist at the EY.



Mr. B. N. Raveendra Babu

Managing Director

He is the Managing Director of the Company since 2021. He has a Master's Degree in Commerce from Calicut University and completed his inter from the Institute of Certified Management Accountants. Previously, he held senior positions in Finance and Accounts across Middle Eastern companies. Further, he was on the Board of Manappuram Finance Limited from 1992 to 2022. He is currently the Managing Director of the Company.



Mr. A. Ramanathan

Non-Executive, Independent Director

He has over 35 years of rich experience across the banking sector. His expertise encompasses Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, and Training need assessment among others. He retired as the Chief General Manager from NABARD in Micro Credit Innovations Department.



Mr. Abhijit Sen

Non-Executive, Independent Director

He retired as Chief Financial Officer - Citi Bank, India Subcontinent in 2015 after serving the organisation 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 also chairs the Audit Committee of reputed organisations. In the past, he was on the Board of National Securities Depository Limited (NSDL). He has a B.Tech (Hons) degree from IIT, Kharagpur and a PGDM from the IIM, Kolkata with majors in Finance & Information Systems.



Ms Anita Belani

Non-Executive, Independent Director

Ms. Anita Belani holds a Bachelor's Degree in Economics from Delhi University and Masters in Business Management from Xavier School of Management (XLRI), Jamshedpur. She has over 30 years of experience in Human Resource and Strategy Orientation. Her experience across sectors includes consultation at Board / CEO levels in areas covering Org Transformation, Market Entry Strategy, Leadership, Strategy Clarification, CEO Succession and Culture Building. She has served as the Managing Director and India Head for Russel & Reynolds, as an operating partner at Gaja Capital Partners, and in senior roles at KPMG, Jardine Fleming, and Sun Microsystems.



Mr. D R Dogra

Non-Executive, Independent Director

He is the former Managing Director & CEO of CARE Ratings and had around 38 years of financial sector experience. He has expertise in product conception and development across sectors that include Manufacturing, Infrastructure, Finance, and SME. His tenure as Managing Director at CARE saw the company reach a high growth trajectory and become the second-largest credit rating agency.



Mr. Gautam Saigal

Non Executive, Non Independent Director

Mr. Gautam Saigal is a qualified Chartered Accountant and a postgraduate in Commerce from Calcutta University. He has over 32 years of financial services experience covering private equity investment, investment banking and advisory services. He is the founding partner of Pachira Financial Services LLP. 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 is a member of Board and Board Committees across various companies including Financial services, Telecom, Energy distribution, Healthcare, IT services, Consumer products, Logistics, Infrastructure etc.



Mr. Harshan Kollara

Non-Executive, Independent Director

Mr. Harshan Kollara, an alumnus of Mumbai University is an experienced financial services professional having over 40 years of experience in Banking & Financial services in India and abroad. He has rich project management experience in setting up institutions. Previously, he has worked with diverse institutions like Union Bank of India and ICICI Bank (EVP and Head of International banking), Union Bank of California (Vice President and Regional Head of South Asia Region) and Federal Bank (Executive Director). As Non-Executive Director, Experian Credit Information Co of India Pvt. Ltd, he holds approved person status with the UK regulator FCA. His vast experience includes foreign exchange, cross-border trade finance, payment business, consumer credit and core banking application system implementation. He also has experience in compliance, global standards and best practices in governance.



Ms Pushya Sitaraman

Non-Executive, Independent Director

She is a Law graduate from the Madras Law College with a bachelor's degree in Arts from Stella Maris College. A designated Senior Advocate of the Madras High Court, she is a practising advocate with experience of over 40 years, specialising in taxation and corporate laws.

She undertook Mediation law training from Geetha Ravindra, a renowned attorney in Virginia Supreme Court, USA. She has completed basic and advanced training at ADR Group, UK. For nearly 10 years, she is actively involved in mediating disputes with the Tamil Nadu Mediation and Conciliation Centre, being referred and affiliated to the Madras High Court. She served as Senior standing counsel for the income tax department for several years.



Mr. S V Raja Vaidyanathan

Non Executive, Non Independent Director

Mr. S V Raja Vaidyanathan is the founder of the Company and has been actively involved in building Asirvad over the last decade and a half. He is a B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI and ACS with over 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 then as MD till June 2021. Currently, he is non-executive director of the company.



Mr. S. K. Mitra

Non-Executive, Independent Director

Mr. S. K. Mitra, Independent Director, is a well-known veteran with hands-on experience in a wide range of financial Service businesses in India. In his early years, Mr. S. K. Mitra worked with reputed organisations such as American Express Bank as Head of Corporate Banking and Investment Banking in India, Standard Chartered Bank- Merchant Banking Division, GIC Mutual Fund- where he brought one of the earliest foreign investors in the industry. Thereafter, from 1994 to 2007 he served as the Group Director, Financial Services in the Aditya Birla Group and set up the highly successful financial services business.

He has dealt with several global entities for entry into India and as joint venture partners. He has served on the Board of Directors and Committees of several reputed companies in different industries as an Independent Director and Advisor. He is also an advisor to a large international bank for over 12 years. He has been associated with several international and domestic NGOs, Committees and Chambers in India and is a contributor of articles in various publications. He has been the India Correspondent for Asia Asset Management, Hong Kong for more than 10 years.

Mr. S. K. Mitra holds M.Sc degree from University of Calcutta and an MBA from the USA.



Mr. T Balakrishnan

Non-Executive, Independent Director

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

CORPORATE SOCIAL RESPONSIBILITY

The objective of the Corporate Social Responsibility is to benefit the society by improving the quality of the individual, their families, local community at large.

The Company through its CSR activities strive to make meaningful interventions in the society to bring about a positive change, by being instrumental in imparting quality education to its children, generate livelihoods for its people, providing medical help for the sick, empower women for their betterment and thus foster a harmonious community.

As part of the CSR, the Company is presently engaged in several projects which are socially relevant and demanding in the locality surrounding its corporate office area and other locations where the Company has branches or other place of business.

“Sayujyam Project”

Sayujyam Project is a rural development project in which 16 houses are being reconstructed for the most deserving backward families. The stone laying ceremony was inaugurated by Sri K Rajan, Honourable Revenue Minister of Kerala.



Progress of Construction Works – Sayujyam Project



Manappuram Civil Service Academy

Asirvad Micro Finance Limited contributes to development of Manappuram Civil Service Academy.



Assam Flood Relief through Assam State Disaster Management Authority

Asirvad Micro Finance Limited contributed to Assam Flood Relief through Assam State Disaster Management Authority



Women Entrepreneurship - Livelihood Enhancement And Development (WE-LEAD) Programme

Asirvad Micro Finance Limited contributes to the development of Manappuram Civil Service Academy.



INTEGRATING ESG INTO BUSINESS

Financial institutions are known to be as an important contributor to sustainable development, through their interaction with all other economic sectors, consumers and by their own financing, investment, and trading activities.

Commitment to responsible financing is a key priority for Asirvad. The company, through its customer centric business model and diverse products supporting entire life cycle needs of the customer, has been creating large scale positive social impact across the communities, including customers, employees and other stakeholders. Sustainability is integral to achieving our strategy and fulfilling vision of creating value for our stakeholders.

Asirvad actively encourages sustainable practices within the organization which enables to improve business performance, brand success and overall reputation. The Company's business strategy and policies are pillared on customer and employee centricity allowing sustainable growth and empowering communities over long term.

Your company has devised an ESG framework that is based on our Company's vision to build an enduring institution that serves the long-term needs of our customers with great sensitivity. Environmental factors refer to the impact of the company's operations on the environment, such as its carbon

footprint and efforts to reduce it. Social factors refer to the company's impact on society, such as its labour practices, diversity, and community involvement. Governance factors refer to the company's corporate governance policies, such as executive compensation, shareholder rights, and board structure.

The framework act as a guidance to incorporate environmental, social and governance (ESG) considerations into operations and business, mitigate material risk impacts and serve as a guiding document for the ESG initiatives undertaken by your Company. We are proud of the progress made in integrating ESG principles into our business operations. Our achievements in environmental sustainability, employee empowerment, customer satisfaction and community development reflect our commitment to responsible business practices.

As we move forward, we remain dedicated to continuous improvement, setting higher targets, and further enhancing our positive impact on the environment, society, and governance aspects.





Environment

Asirvad understands the importance of environmental sustainability and compliance with regulations. We have implemented energy-efficient lighting and air-conditioning systems, raising awareness among employees about energy conservation. Embracing technology has helped us reduce

paper usage and emissions from travel, while improving operational efficiency.

The framework is devised in a way that every loan request is reviewed and assessed for its associated Environment risks. The risk assessment aids the Company to ensure that the facility that is funded doesn't have any environmental, social or corporate governance liability that can affect both the borrower and the organization. The Company will ensure that all the loans are properly evaluated against the Exclusion List set out in the ESG framework. Periodic loan utilisation checks will be conducted to ensure adherence to the ESG policy. Any incidences of non-compliance will be discussed with customers, and they will be encouraged to comply with the required environmental laws, regulation, standards, and procedures.

The framework comprises of a multi-stage process that oversees the entire risk assessment and management process. Each loan while processing shall be designated as high, medium and low risk representing different risk levels typically based on the impact of borrower's business activities on environment.

Social

Your Company has been making consistent efforts over the years towards economic and social upliftment of the marginalized and vulnerable sections of society. It continually seeks ways to bring about an overall positive impact on the society and environment wherein it operates. Asirvad implements its CSR initiatives primarily through Manappuram Foundation.

Through our talent management strategy and the MADU online learning platform, we provide extensive learning and development opportunities, fostering continuous growth and professional development. We prioritise upskilling and reskilling our workforce by offering training and resources to enhance their skills and expertise.

Your company ensure that working conditions in the organization meet (or exceed) the international labour standards. Asirvad also acknowledges that safety and health of workers has a positive impact on productivity and economic & social development. Asirvad aims to be one of the best workplaces for employees.





Governance

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. Your company is committed to the highest level of Corporate Governance practices and emphasizes the need for full transparency and accountability in all transactions, to protect the interests of its stakeholders. This enables the Company to attract high quality financial and human capital and ensures that all the stakeholders including the shareholders, customers, employees, creditors, and regulators are aligned with the organization's objectives.

We, at Asirvad, believe that the corner stone of best governance practices is the board composition. We also believe that the synergy of versatile individuals with diversified skillsets at the board level has contributed a lot in bringing this Company into its present heights. The ethical practices, strict internal controls and well-organized management which is guided by 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 represent 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.

Human Rights

Your company is committed to uphold employee rights and treat all employees with respect and dignity to promote a healthy and conducive work environment for the employees. The Company's human rights policy will ensure equity, diversity, and inclusion within the organization, non-discrimination, prevention of human rights violations across entire value chain, and adequate training/ awareness on human rights.

Asirvad recognizes that a harassment-free workplace is integral to helping the workforce bring their whole selves to work. Asirvad is committed to respecting rights of all our employees and strive to provide them with a work environment that's free from any physical, verbal or psychological harm. Our policies and systems have been designed to prevent such instances and address them in case they do arise. The policies and systems ensure that employment decisions are based on merit and business needs and that equal opportunities to grow and benefits/compensations are provided to each resource.



Your company prioritise integrity, accountability and oversight, fostering a culture of compliance. The strong internal control mechanisms, overseen by an experienced and diversified Board with a majority of independent directors, promotes transparency and accountability. Risk management is a key focus, and Asirvad proactively identify, assess and mitigate risks to safeguard our interests. Customer protection is integral to our practices, and your company ensures fair and transparent dealings to enhance customer satisfaction and trust.

CORPORATE INFORMATION

Company

Asirvad Micro Finance Limited

Corporate Identification Number

U65923TN2007PLC064550

Registered Office

9th Floor, No. 9, Club House Road,
Anna Salai, Chennai - 600 002,
Tamil Nadu

Managing Director

Mr. B N Raveendra Babu

Chief Financial Officer

Mr. Rajesh KRN Namboodiripad

Company Secretary & Compliance Officer and Investor Grievance Officer

Ms. Aparna Menon
Email ID : cs@asirvad.in
Landline No: 0487 3050543

Statutory Auditors

M P Chitale & Co., Chartered Accountants

(Firm Registration No: 101851W,
Membership No.143700) 759/70,
Vatsala Bhawan, Prabhat Road, Lane
No.1, Pune, Maharashtra - 411004

SECRETARIAL AUDITORS

KSR & Co., Company Secretaries LLP

Indus Chambers, No.101, Govt. Arts
College Road, Coimbatore - 641 018

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

Website: www.skdc-consultants.com

Link Intime India Private Limited

(RTA only for CP)
247 Park, C 101 1st Floor, LBS Marg
Vikhroli (W), Mumbai - 400 083.
Phone: +91 9766923470
Email: debtbepos.reports@linkintime.co.in
Website: <https://www.linkintime.co.in/>

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
Phone: +91 (022) 4922 0555
Email: dt.mumbai@ctltrustee.com
Website: www.catalysttrustee.com

IDBI Trusteeship Services Limited

Ground Floor, Asian Building, 17,
R. Kamani, Marg, Ballard Estate,
Mumbai - 400 001
Phone: +91 22 40807020
M: +91 9702074044
Email: secu@idbitrustee.com
Website: www.idbitrustee.com

Vardhman Trusteeship Private Limited

The Capital, A Wing, 412A,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051
Phone: +91 22 4264 8335,
+91 22 4014 0832
Email: corporate@vardhmantrustee.com
Website: <http://www.vardhmantrustee.com>

List of Lenders

Refinance Institution and Financial Institution

MUDRA

NABARD

SIDBI

PSU Banks

Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
UCO Bank
Indian Bank
Punjab & Sind Bank
Punjab National Bank
Indian Overseas Bank
State Bank of India
Union Bank of India

Private Sector Banks

Axis Bank
Bandhan Bank
Federal Bank
ICICI Bank
IDBI Bank
Kotak Mahindra Bank
RBL Bank
South Indian Bank
YES Bank Ltd
Karnataka Bank
City Union Bank
HDFC Bank
Lakshmi Vilas Bank
DCB Bank Limited
CSR Bank Limited

Foreign Institutional Investors

Blue Orchard
CDC Group
IIV Impact Investing Funds - DKM
MicroFinzfond
World Business Capital

Foreign Banks

DBS Bank
CTBC Bank
HSBC Bank
SBM Bank (India)
Standard Chartered Bank
Woori Bank
Bank of Bahrain and Kuwait

Small Finance Banks

Equitas Small Finance Bank
Suryoday Small Finance Bank
Jana Small Finance Bank

NBFCs

Hinduja Leyland Finance
Manappuram Finance Limited
Mahindra & Mahindra
MAS Financials
A K Capital
Aditya Birla Finance Ltd
Bajaj Finance Ltd
JM Financial Products Ltd
Navi Finserv Ltd.
Nabkisan Finance Ltd
Northern Arc Investment Managers
Nabkisan Finance Limited
Royal Sundaram General Ins. Co. Ltd
TATA Capital Ltd
Viviriti Capital Private Limited

Board and its Committees

Board of Directors

Mr. V P Nandakumar
Chairman

Mr. B N Raveendra Babu
Managing Director

Mr. Abhijit Sen
Non-Executive, Independent Director

Mr. A Ramanathan
Non-Executive, Independent Director

Mr. D R Dogra
Non-Executive, Independent Director

Mr. Gautam Saigal
Non-Executive, Non-Independent Director

Mr. Harshan Kollara
Non-Executive, Independent Director

Ms. Pushya Sitaraman
Non-Executive, Independent Director

Mr. S K Mitra
Non-Executive, Independent Director

Mr. S V Raja Vaidyanathan
Non-Executive, Non-Independent Director

Mr. T Balakrishnan
Non-Executive, Independent Director

Ms. Anita Belani
Non-Executive, Independent Director

Nomination & Remuneration Committee

Mr. T Balakrishnan
Chairman

Mr. A Ramanathan
Member

Ms. Anita Belani
Member

Mr. Gautam Saigal
Member

Mrs. Pushya Sitaraman
Member

Borrowing and Securities Allotment Committee

Mr. B N Raveendra Babu
Chairman

Mr. A Ramanathan
Member

Mr. S V Raja Vaidyanathan
Member

Mr. V P Nandakumar
Member

Risk Management Committee

Mr. Gautam Saigal
Chairman

Mr. Abhijit Sen
Member

Ms. Anita Belani
Member

Mr. B N Raveendra Babu
Member

Mr. D R Dogra
Member

Mr. S V Raja Vaidyanathan
Member

Chief Risk Officer - *Member*

Management Committee

Mr. V. P. Nandakumar
Chairman

Mr. Abhijit Sen
Member

Mr. B N Raveendra Babu
Member

Mr. D R Dogra
Member

Mr. Gautam Saigal
Member

Mr. Harshan Kollara
Member

Mr. S V Raja Vaidyanathan
Member

Audit Committee

Mr. D R Dogra
Chairman

Mr. Abhijit Sen
Member

Mr. Gautam Saigal
Member

Mr. Harshan Kollara
Member

Mr. S V Raja Vaidyanathan
Member

Mr. T Balakrishnan
Member

Corporate Social Responsibility Committee

Ms. Pushya Sitaraman
Chairperson

Mr. B N Raveendra Babu
Member

Mr. D R Dogra
Member

Mr. T Balakrishnan
Member

Asset Liability Committee

Mr. B N Raveendra Babu
Chairman

CFO - *Member & Secretary*

CRO - *Member*

Head of Disbursement and Collection (MFI)
- *Member*

IT Strategy Committee

Mr. S K Mitra
Chairman

Mr. Abhijit Sen
Member

Mr. B N Raveendra Babu
CIO

Mr. S V Raja Vaidyanathan
Member

Chief Technology Officer

Stakeholders Relationship Committee

Mr. Harshan Kollara
Chairman

Mr. S K Mitra
Member

Mr. B N Raveendra Babu
Member

Ms. Pushya Sitaraman
Member

STATUTORY



Management Discussion Analysis

Highlights of Indian Economy for FY23

As per the Annual Economic Review released by Department of Economics, a strong final quarter performance pushed the GDP growth of India for the full year to 7.2%. India is the fastest-growing major economy, is now no longer only a statistical fact. The country's impressive growth experience in FY23, when the world economy was rocked by inflation and restrained by monetary tightening shows the strength and potential of the Indian economy.

The pandemic had caused an unprecedented contraction of output in FY21. The domestic demand has, however, bounced back since then and moved from strength to strength in FY23. Post pandemic quarterly trajectories of consumption and investment have already exceeded their pre-pandemic levels. The agriculture sector registered a twelve-quarter record high growth rate in the last quarter. The industrial sector rebounded in Q4, driven by manufacturing. The year-end saw the contact-intensive services sector fully recovering to its pre-pandemic levels.

Inflation emerged as the major challenge in FY23 for India as it did for the rest of the world. The world over, policy measures to mitigate inflation were broadly similar-monetary tightening by the central banks and supply easing by the governments. The country's inflation breaching the target to a lesser extent as compared to the groups of emerging market economies (EMEs) and advanced economies was a differentiating factor for India.

Despite unprecedented global challenges in the last few years coming on top of balance sheet troubles in Indian banking and non-financial corporate sectors, macroeconomic management has been stellar. It contributed significantly to enhancing India's macroeconomic stability and set India on a quicker recovery path than other countries. Strong balance sheets and digital advancements could lead to better credit decisions allowing India's financial cycle to sustain for longer periods before encountering the challenge of bad debts. Thus, India appears poised to sustain its growth in a more resilient way than before.

INDUSTRY STRUCTURE AND DEVELOPMENTS

History of Microfinance

Microfinance is the provision of collateral-free loans of small amounts to low-income individuals or groups who otherwise have limited access to alternate credit sources. Almost 99% of microfinance loans in India are provided to women from low-income households.

The last few years saw the micro-credit industry becoming more aligned with the broader financial services sector. Some of

the large NBFC-MFIs were successful in becoming universal banks or Small Finance Banks (SFBs) taking advantage of the new Licensing regime and few merged with banks and large NBFCs. Banks and NBFCs also started building their own micro-credit portfolios through Business Correspondent (BC) partnerships models. As a result, the micro-credit sector has become more competitive with a diverse set of players - Banks, SFBs, NBFC-MFIs, BCs, and NBFCs.

Besides this various category of lenders, the ecosystem of MFIs comprises other stakeholders including the regulators, the Government, financial institutions, credit bureau, employee bureau, rating agencies, and others who play an important role in the microfinance activity.

The microfinance industry in India started in 1990s and was also inspired by the Grameen Model of Prof. Mohammad Yunus in Bangladesh. Over the years, as this model evolved and became successful, it gained the confidence of customers and other stakeholders and the Industry started to scale-up. From 2005-2006, many not for profit MFIs converted into for-profit NBFCs and many new for-profit NBFCs also entered the micro-credit business, attracting private capital, commercialisation, professionalism, and scale. This fuelled growth, competition, and scale with a sharp focus on specialisation in delivering micro-credit efficiently and profitably. As a result, within 5 years, the micro-credit industry in India grew multi-fold to reach loans outstanding of nearly ₹ 20,000 Crores. However, this period also witnessed some degree of turbulence around customer protection, over-leverage, inadequate disclosures, lack of customer awareness, unaffordable pricing as well as risks of geographic concentration, ghosts' loans, local-level interferences beyond the reach of regulatory oversight.

Recognising the need for improved regulatory oversight, the Reserve Bank of India introduced a new category of NBFCs called NBFC-MFIs in December 2011 with specific regulations for the micro-credit sector, focussing on customer protection. Post these regulatory changes, the industry had a highly successful decade. Today, the micro-credit sector is diverse and competitive with over 100 regulated players – Banks, SFBs, NBFC-MFIs, and NBFCs. A clear regulatory framework, a sound underlying business model, performance trends overtime, and potentially large unmet demand has attracted private capital to sustain the growth. As a result, micro-credit in India is one of the most tightly regulated sectors in comparison to several other geographies. It is also one of the largest micro-credit sectors globally, quite unmatched in terms of its outreach with low-ticket loans, scale, diversity of supply-side, spread, efficiency, performance, customer-protection standards, and contribution of the private sector.

Status of Microfinance in India currently

MFIs have presence in 27 states and 5 union territories.

Loan amount of ₹ 1,30,563 Crores was disbursed in FY 2022-23 through 3.1 Crore accounts, including disbursement of Owned as well as Managed portfolio. This is 59.3% higher than the amount disbursed in FY 2021-22.

In terms of regional distribution of portfolio (GLP), East and North-East accounts for 32% of the total NBFC-MFI portfolio, South 26%, North 17%, West 15%, and Central contributes 10%.

As on March 31, 2023, NBFC MFIs on an aggregate basis have a network of 18,739 branches and employee base of 1,61,010.

OPERATIONS OF THE COMPANY

MFI

During the year, Asirvad Micro Finance Limited had achieved multiple milestones of serving over 3.2 million clients, crossing ₹ 9,297.21 Crores AUM, standalone MFI branches -1,206, and gross income exceeding ₹ 1,759.28 Crores. MFI business is also done through a few Gold Loan Branches.

As on March 31, 2023, the Company operated across 22 States and 3 Union Territories with a presence in 391 districts, with client base of 3.2 million spread across over 3,25,274 centres serviced by over 12,864 staff, majority of them in the field.

Asirvad Micro Finance Limited continuously invests in upgradation of its technology to serve its clients faster and has digitised its operations to reduce paperwork and TAT to customers.

Asirvad Micro Finance Limited continued to achieve higher business volumes through its multi-state operations. It has disbursed ₹ 8,397.33 Crores to 17,81,487 clients during the year when compared to ₹ 5,066.12 Crores to 10,33,784 clients in the previous year, a growth of 60.33% in value terms. AUM stood at ₹ 9,297.21 Crores during the year as against ₹ 6,652.98 Crores, a growth of 39.75% over the

previous year. All India Business Operations is divided into 8 zones, 61 regions.

MSME Loans

The Company commenced the MSME business in July 2019. The loan products, process and people focus on enhancing the economic output of its customers. It caters to the "Missing Middle" segment largely comprising small businesses like Kirana Shops, Small Manufacturing units, Agri and Allied trading, etc., its non-traditional methods of income assessments not only have given good results but are also well appreciated by the customers. All the MSME loans are backed with land and building as collateral. As on March 31, 2023, total branches stood at 22 (including co-located branches), customer base at 1,212 and AUM at ₹ 38.37 Crores.

Loans against Jewellery

The Company has a large captive channel strength and customer base. Given that these can be leveraged to provide complementary loans to customers in compliance with applicable regulatory provisions, the Company has launched a new loan product called "Gold Loan" which started in Odisha and West Bengal in March 2021. This was introduced with a key objective to help customers to provide them business capital for the income generation activity. So far, the Company provides gold loan from 461 branches spread across Assam, Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Maharashtra, Madhya Pradesh, Odisha, Punjab, Rajasthan, Telangana, Uttar Pradesh & West Bengal. The Company offers progressively higher loan amounts at higher price points through different gold loan schemes with different interest rates.

As a Company, it believes in the power of technology and over the years has adopted various innovations such as Loan Management System (LMS) and usage of DigiPay and other digital platforms for payment, with many other initiatives in the pipeline. Automation has enriched the lives of both its employees and customers without compromising on the quality of work. The Company constantly strives to improve the knowledge and skills of employees and has introduced the Learning Management System to create awareness, knowledge, and vigilance.

FINANCIAL HIGHLIGHTS

(₹ in Crores)

Particulars (₹ in Crores)	March 2023	March 2022	March 2021	March 2020	March 2019
Paid up Capital	62.24	53.31	53.31	53.31	53.31
Asset Under Management*	10,040.89	7,002.18	5,984.62	5,502.64	3,840.78
Borrowings	8,426.09	5,558.77	4,627.17	4,500.65	3,418.05
Total Revenue	1,759.27	1,399.70	1,077.18	1,101.44	740.45
Profit after Tax	218.13	13.43	16.88	235.33	151.64
Total Comprehensive Income	220.00	16.77	15.99	235.10	151.85
Total Assets	10,183	6,813.68	5,825.59	5,912.46	4,257.66

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

KEY RATIOS

Ratio	2022-23	2021-22	2020-21	2019-20	2018-19
PBT / Total Income	17.66%	1.33%	2.85%	28.17%	31.16%
PBT / Total Assets	3.05%	0.31%	0.53%	5.25%	5.42%
ROE	16.68%	1.26%	1.61%	25.52%	27.92%
Return on Portfolio	2.56%	0.23%	0.37%	6.00%	5.18%
Capital Adequacy	19.66%	20.81%	23.33%	25.37%	28.90%
Book Value ₹	246.47	201.09%	197.97	194.99	150.89
Net Interest Margin	13.65%	10.00%	9.92%	10.00%	9.39%

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 ₹ 9,297.21 Crores from ₹6,652.97 Crores in the previous year. The increase in the loan book was ₹2,644.22 Crores which has been determined after taking into account loan repayments of ₹5,639.47 Crores (previous year ₹ 4,131.04 Crores) and loans written off during the year amounting to ₹113.62 Crores (previous year ₹394.53 Crores). The growth in the microfinance loan book, after adding back loans securitised in the preceding twelve months was 39.75%.

Direct Assignment

During FY 2022-23, the Company finalised Direct Assignment deals assets worth ₹ 1,131 Crores as against ₹ 1,415.48 Crores in the previous year. With direct assignment, 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 assigned assets portfolio stood at ₹ 1,063.27 Crores as on March 31, 2023.

Securitisation

During 2022-23, the Company securitised its assets worth ₹ 522 Crores. The outstanding securitised assets portfolio stood at ₹ 428.69 Crores as on March 31, 2023.

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 63 lenders across Banks, Financial Institutions, NBFCs and Overseas FI investors, who have sanctioned of ₹ 7,220 Crores during the year, and ₹ 7,218 Crore has been availed as on March 31, 2023. It includes ₹ 215 Crores of NCDs issued during the year.

The Funding mix of the Company as on March 31, 2023 is given below:

Term Loan	68.1%
Non-convertible Debentures	15.9%
Commercial Paper	0%
Securitisation	16.00%
total	100%

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, 2023, the investment in Fixed deposits free of lien stood at ₹ 126 Crores.

Provision for Contingencies

During the year, the Company made a provision of ₹ 273.68 Crores (previous year ₹ 406.82 Crores) through a charge to the Statement of Profit and Loss.

Leveraging Channels

The Company has a large footprint in India and is deeply entrenched in the communities it serves. This provides an opportunity for the Company to leverage its channel strength to expand the customer base and cross-sell products.

Opportunities, Threats and Outlook

Substantial population in India still lack access to Banking and other financial services and Asirvad has potential geographies to penetrate. Asirvad has MFI operations in 22 states and 3 Union Territories and has potential to grow to its optimum in these locations.

Some of the threats that your company is facing are, the over indebtedness of MFI borrowers in general, low penetration of technology in repayments by the borrower/ large dependence on cash collections, high attrition rate and lack of awareness of financial services in low-income group etc.

Micro Finance Industry is poised to continue the high growth with the reduced credit cost in the year ahead too.

RISK MANAGEMENT

Asirvad is exposed to various risks that are inherent to the microfinance business. The major risks are credit risk, operational risk, competition risk, and liquidity risk, among others. Asirvad has a robust risk management framework in place, which covers the policies, procedures, methodologies, and framework established to systematically manage all the material risks. The risk management framework is subject to review and upgradation on an ongoing basis, in tune with regulatory guidelines and best practices in the industry.

The Board of Directors oversees and approves the risk management policies and strategies to establish the risk management framework and control system. The Risk Management Committee of the Board (RMC) oversees the management of various risks associated with business, systems, and processes. The risk management committee oversees the implementation of annual risk management plan. Risks are reported to the RMC and monitored by the Chief Risk Officer (CRO) and management team and quarterly updates

are provided, and further actions are taken thereafter by the management. The risk management framework is overseen by Board committees.

The Company has put in place an improved mechanism to manage the credit concentration risk by way of internal Prudential Exposure Limits framework for geographies. These exposure norms are monitored regularly and risks in different geographies are monitored continuously, and wherever warranted, the geographies concerned are reviewed immediately.

The major risks faced by the Company and their mitigation measures are stated below:

Credit Risk – Non-repayment of loan by a borrower forms the credit risk and results in monetary loss to the Company. Asirvad ensures that the required expertise and capability are put in place to develop systems, procedures, and tools to effectively manage credit risk. Risk management guidelines issued by RBI and SRO act as guiding factors in implementing the risk management system. Further, Asirvad is more focussed to develop a credit rating model and quantify risks through expected loan losses.

Liquidity Risk – 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. It involves maintaining sufficient working capital on a continuous basis to meet obligations in the future without delays. Asirvad adheres to the prudential limits for liquidity as per the Board-approved ALM policy. 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. The Asset Liability Management Committee (ALCO) is responsible for monitoring its adherence to liquidity risk and interest rate risk limits.

Competition Risk

The level of competition has been increasing in the MFI industry. While the Company is well positioned to counter the competitive onslaught, it is mindful of the threat arising from both existing and new competitors. The Company has been constantly tracking its competitors and has been engaged in devising strategies to mitigate competition risk and maintain its market share.

Operational Risk

The MFI activity is highly labour-intensive with large geographical outreach and is prone to high operational risk. The Company has put in place effective audit and follow-up mechanisms to prevent, detect and take related measures to address operational risks effectively.

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

Attrition Risk

The MFI industry has been facing high attrition, thus impacting its operations. The Company is aware of the same and has put in place adequate measures to reduce the level of attrition and improve hiring and training practices to address this challenge.

INTERNAL AUDIT & CONTROLS

Asirvad has 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 the risks, ensure compliance with laws and regulations, and provide reliable and timely financial reporting.

Internal audit at Asirvad comprises an independent activity, which has been assigned to add value to and improve the organisation's overall operations as well as to meet risk management objectives. It helps the Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit achieves this by providing insight and recommendations based on analyses and assessments of data and business processes. With commitment to integrity and accountability, internal audit 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, management controls over efficiency of operations, and safeguarding of assets. The internal audit team also conducts proactive fraud audits to identify potentially fraudulent acts; participates in fraud investigations under the direction of fraud investigation professionals; and conducts post investigation fraud audits to identify control breakdowns and establish financial loss.

At Asirvad, the internal audit department audits the branch operations as well as conducts corporate audits covering all the key functions. The internal audit team covers the entire business process, and in addition, special branch audits are undertaken to meet specific requirements of the Company. Based on their risk and occurrence, the internal audit observations are broadly categorised into four categories, viz. Critical, High, Medium & Low, and these are highlighted to the operations department for compliance. Compliance is also critical to the audit process. To ensure that the discrepancies regarding documentation and processes, compliance of the audit observations are mandatory for each audit.

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 achievement of the Company's mission & vision, with continuous improvement according to the changes in the business processes and regulatory requirements.

The IT infrastructure is created keeping the following key factors in mind:

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

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

- Real-time integration with CICs to analyse reports for faster loan approval and processing towards responsible financing
- Implemented cashless disbursements and digital collection channels to minimise theft, fraud, and collection cost while reducing loan disbursement turnaround time
- Deployed automated cash management solution to maintain a minimum cash balance in our MFI branch, for lowering cash handling and reconciliation costs
- Introduced workforce management system for efficient and effective workforce management towards achieving higher profitability per employee
- Implemented E-SIGN (Electronic Sign Services) for digitising loan processing documents and reduce associated with document handling and validation
- Implemented an Oracle Analytics platform with instant report configuration for better decision-making and an analytic dashboard to execute efficient processes
- Introduced a digital grievance redressal mechanism for customers to maintain transparent customer relations

HUMAN RESOURCES

The Company considers its employees as its biggest assets and strives to put in place policies and procedures to enhance productivity, employee engagement and upskilling.

Human Capital

The total manpower strength stood at 15,874 PAN India as on March 31, 2023.

Employee Connect Initiatives

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

- 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

We believe in moulding our human resources through a series of training and employee engagement programmes that facilitate a positive attitude, right skills and creative thinking. Our Training Department plays a vital role in creating a dynamic workplace by augmenting the functional and behavioural skills of our employees.

Other Training Programmes

The following are the training programmes conducted during this FY 2022-23:

Activity	No. of Programmes	No. of Participants
Field Development Assistants Induction Training	125	4,263
Assistant Branch Heads Refresher Training	16	818
Branch Heads Refresher Training	11	809
Train The Trainer to Area Heads	9	254
Fraud: Identifying, Analysing and Reporting Mechanism	8	461
Reporting of Counterfeit Currency	1	98

As Asirvad is growing in line with the evolving technological developments, it has implemented a Learning Experience Platform called 'MADU' to make learning culture digitally in Asirvad. With this platform, we inculcate a unique learning culture and experience. The user-friendly platform serves as best model for knowledge acquisition and for reference. 4,31,617 courses have been completed by 11,739 employees during this FY, with 94% course completion status.

Certification Through On-Line Courses

To encourage employees to acquire higher qualifications and skills even while on employment, Asirvad has nominated officials under specific arrangements with universities for Management courses like MBA. During this FY, 41 employees completed MBA, 16 employees completed BBA and 15 employees completed plus two under this arrangement.

Details of other Executive Education/Courses completed during this FY.

SI NO.	PROGRAM	NO. OF PARTICIPANTS
1	BASICS OF CREDIT ASSESSMENT - CRISIL EXECUTIVE TRAINING	14
2	CERTIFICATE COURSE FOR HR DATA ANALYST - MSM TECHNOLOGY DEVELOPMENT CENTER CHENNAI	3
3	CERTIFICATE COURSE ON GST	1
4	CERTIFICATE PROGRAM ON ADVANCE TREASURY AND FOREIGN - EXCHANGE RISK MANAGEMENT - BSE INSTITUTE LIMITED	8
5	CERTIFICATION PROGRAM ON COMMERCIAL ARBITRATION - INDIAN INSTITUTE OF ARBITRATION AND MEDIATION	2
6	CERTIFICATE IN INFORMATION SYSTEM AUDITOR TRAINING - ISSCA	3
7	DOT NET FULL STACK TRAINING BY-STALWART LEARNING	12
8	LLB-KARNATAKA LAW UNIVERSITY	13
9	MSME REAL ESTATE VALUATION TRAINING - THE REAL ESTATE MANAGEMENT INSTITUTE	28
10	TABLEAU CERTIFICATION TRAINING COURSE - SIMPLILEARN	9
11	THE 2021 INTERNAL COMMUNICATIONS-VIRTUAL CERTIFICATION PROGRAM - INCONNECTIV CONFERENCES & TRAINING, INDIA	2
12	WHARTON UNIVERSITY LEADERSHIP AND MANAGEMENT PROGRAM	2
13	100 FRAUD INDICATORS, FRAUD PREVENTION PROCESS & RISK MANAGEMENT	3
14	CERTIFICATION PROGRAM IN STRATEGIC CORPORATE SOCIAL RESPONSIBILITY - INDIAN INSTITUTE OF CORPORATE AFFAIRS	1
15	ASSET TRACKING & INVESTIGATION - ASSOCIATION OF CERTIFIED FINANCIAL CRIME SPECIALISTS	1
16	CRISIL WORKSHOP ON KYC/AML/CFT GUIDELINES AND BEST PRACTICES - NBFC'S	2
17	PREVENTIVE VIGILANCE AND FRAUD MANAGEMENT BY IIBF	7
18	LEADERSHIP IN CHANGE MANAGEMENT - IIM TRICHY	4
19	CERTIFICATE EXAMINATION IN MICROFINANCE - IIBF	5
20	IND-AS TRAINING PROGRAM FOR FINANCE DEPT	30
21	PG DIPLOMA IN LEARNING AND DEVELOPMENT	3
22	EXECUTIVE DEVELOPMENT PROGRAM IN PROJECT MANAGEMENT	1
23	ITIL 4 CERTIFICATE	20
24	HARDWARE AND NETWORKING PROGRAM	26
25	EXECUTIVE DEVELOPMENT PROGRAM IN ADVANCED FINANCIAL MANAGEMENT - XLRI	1
26	CERTIFICATE PROGRAM IN IND-AS, ERNST & YOUNG	5
27	CERTIFIED ACCOUNTING & TAXATION PROGRAM - HENRY HARVIN ACCOUNTS ACADEMY	5
	TOTAL	211

Director's Report

Dear Members,

Your Board of Directors have immense pleasure in presenting the 16th Annual Report of Asirvad Micro Finance Limited ("Company"), together with the Audited Financial Statements for the year ended March 31, 2023.

FINANCIAL HIGHLIGHTS AND STATE OF AFFAIRS

(Rs. in Crores)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Gross Income	1,759.28	1,411.89
Total Expenditure	1448.56	1390.84
Profit before Tax	310.72	21.05
Tax Expenses net of Deferred tax	92.59	5.79
Profit after Tax	218.13	15.26
Appropriations		
Transfer to Statutory Reserve	43.63	3.05
Surplus in Profit & Loss	528.34	353.83

During the financial year ended March 31, 2023, your Company recorded a turnover of Rs. 1715 Crores as compared to the turnover of Rs. 1368 Crores recorded during the previous financial year ended March 31, 2022. Revenue from operations for the year ended March 31, 2023, has increased by 25.39 % over the corresponding period ended March 31, 2022. The Net profit of your Company for the financial year ended March 31, 2023, stood at Rs. 218.13 Crores as against the Net Profit of Rs. 15.26 Crores for the financial year ended March 31, 2022. The Profit before tax for the financial year ended March 31, 2023, reflects a growth of 1329.73% over the corresponding Profit for the financial year ended March 31, 2022.

OPERATIONAL HIGHLIGHTS

MFI

Particulars	Financial Year 2023	Financial Year 2022	Change (%)
Number of Branches	1,206	1,204	23.67%
Number of Active Members	32,45,218	25,37,031	27.91%
Gross Loan Portfolio (in Crore)	9297.21	6652.98	39.75%
Total Disbursement (in Crore)	8397	5238	60.33%
No. of States (in Operation)	22	22	-

Gold Loan

Particulars	Financial Year 2023	Financial Year 2022	Change (%)
Number of Branches	461**	305	51.15%
Gross Loan Portfolio (in Crore)	705.32	300.57	134.66%
Total Disbursement (in Crore)***	10847	3,300.47	228.65%
No. of States (In Operation)	14	11	

**Including Hybrid Branches

*** Including repledge

MSME

Particulars	Financial Year 2023	Financial Year 2022	Change (%)
Number of Branches	22**	23	-
AUM (in Crores)	38.37	48.64	-
No. of States (in Operation)	4	4	-

**Including Hybrid Branches

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 Rs. 43.63 Crores to the Statutory Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.

DEBENTURE REDEMPTION RESERVE

Pursuant to notification issued by Ministry of Corporate Affairs on 16th August, 2019 in exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government amended the Companies (Share Capital and Debentures) Rules, 2014.

In the principal rules, in rule 18, for sub-rule (7), the limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits for the Company is not applicable, as Debenture Redemption Reserve is not required to maintain in case of privately placed debentures for NBFCs registered with Reserve Bank of India under section 45-IA of the RBI 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 2022-23.

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, effective from October 04, 2013. 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. Further, necessary documents has already been submitted before the Reserve Bank of India in this regard.

RBI REGULATIONS.

Your Company has generally complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company. Constitution of Statutory committees are in compliance with the corporate governance provisions as specified in the master direction issued by the Reserve Bank of India.

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 and Master direction of Non-Banking Financial Company - Systemically Important-Non-Deposit taking Company Direction 2016, to carry on the business of an NBFC-MFI.

RESOURCES

The Company as an NBFC, mobilisation of resources at optimal cost and its deployment in the most profitable and secured manner constitutes the two important functions of the Company.

Management has been making continuous efforts to broaden the resource base of the Company so as to maintain its competitive edge.

Your directors are confident that the Company will be able to raise adequate resources for onward lending in line with its business plans.

TOTAL BORROWINGS

The Company's overall borrowing as on March 31, 2023 was Rs. 8426.09 Crores.

i) Non-Convertible Debentures

During the year under review, your Company has raised funds of Rs. 215 Crores through issue of Non-Convertible Debentures (NCDs) on private placement basis and outstanding NCDs as on March 31, 2023 was Rs 1158.47 Crores.

ii) Subordinated Debt

During the year, your company raised funds of Rs. 175 Crores through issuance of Subordinated Debt on

private placement basis and outstanding Subordinated Debt as on March 31, 2023 was Rs. 394.01 Crores.

iii) Commercial Paper

During the year, the Company raised Rs.350 crores through Commercial Paper and the same has been redeemed fully by March 31, 2023.

iv) External Commercial Borrowings

In the financial year ended March 31, 2023, the Company did not raise any funds through External Commercial Borrowing. The outstanding ECB as on March 31, 2023 was Rs 325.36 Crores.

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 6,11,38,729 Equity Shares of Rs.10/- each aggregating to Rs. 61,13,87,290 /- constituting 97.60% of the Share Capital of the Company as on March 31, 2023.

CREDIT RATING

CARE has maintained the grading of your Company to "MFI 1", the highest in the industry.

The Company has debt credit ratings as follows:

Credit Rating Agency	Instrument	Rating
CRISIL	Bank Loan	CRISIL AA-/Stable
CRISIL	Long term -NCD	CRISIL AA-/Stable
CRISIL	Long term subdebt	CRISIL AA-/Stable
CRISIL	Commercial Paper	CRISIL A1+
CRISIL	Long Term Principal Protected Market Linked Debentures	CRISIL PPMLD AA- /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, 2023, the Company's total Capital Adequacy Ratio (CAR) stood at 19.66% which is well above the regulatory minimum of 15%.

Out of the above, Tier I capital adequacy ratio stood at 16.23 % and Tier II capital adequacy ratio stood at 3.42 %.

SHARE CAPITAL

The Authorised Share Capital of the Company comprises of 9,00,00,000 equity shares of Rs.10 each and 10,00,000 Cumulative redeemable non-convertible preference shares of Rs.100/- each.

During the year under review, there was no change in the Authorised Share Capital. Paid up Equity Share Capital of the Company has increased from Rs.53.31 Crores to Rs. 62.64 Crores by way of Rights Issue.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Particulars of Loans, Guarantees/Investments are detailed in the Financial Statements. Kindly refer Note 8.

RELATED PARTY TRANSACTIONS

Contracts/ arrangements/ transactions entered by the Company during the FY 2022-23 with related parties under Section 188 of the Act were in ordinary course of business and on arm's length basis. During the year, the Company had entered into multiple transactions with the holding Company, Manappuram Finance Limited which could be considered material in accordance with the provisions of Regulation 23 of SEBI LODR and the Company's policy on related party transactions. Therefore, particulars of contracts/ arrangements with related parties under Section 188 in Form AOC-2 is annexed with this report as Annexure A. 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/wp-content/uploads/2023/05/Policy-on-dealing-with-Related-Party-Transactions.pdf> and the same is also annexed to this report as "Annexure – A1".

CORPORATE GOVERNANCE REPORT

Your Company has framed an Internal Guidelines on Corporate Governance, 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 –B" 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, 2023 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.

EXTRACT OF ANNUAL RETURN

Annual return in Form-MGT-07 has been posted in the website. The link of the same is <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.

As on March 31, 2023, the Board had Thirteen Directors, which comprises of One Executive (Managing Director), and Twelve Non-Executive Directors out of which Nine are Independent Directors. Your Company believes that a well-structured Board initiate better practices and governance based on the vast knowledge and experience of the Board Members.

In the Annual General Meeting dated September 24, 2022, members approved appointment of Mr. S.V Raja Vaidyanathan (holding DIN: 01467098) who retires by rotation and being eligible, offers himself for re-appointment as Non-Executive Non- Independent Director of the Company. Members also approved the re-appointment of Mr. S. K. Mitra (holding DIN: 00029961), Mr. T. Balakrishnan (00052922) and Mr. T.M. Manoharan (DIN-00225640) as Independent Directors of the Company.

Ms. Anita Belani (DIN: 01532511) was appointed as Additional Director at the Board Meeting held on January 13, 2023. In the Extra Ordinary General Meeting held on March 23, 2023, Members approved the appointment of Ms. Anita Belani (DIN: 01532511) as a Non-Executive Independent Director of the Company for a term of 3 consecutive years with effect from January 13, 2023.

During previous FY 2021-22, Mr. Harshan Kollara (DIN: 01519810) was appointed as Additional Director at the Board Meeting held on August 07, 2021. In AGM held on September 08, 2021, Members approved the appointment of Mr. Harshan Kollara (DIN: 01519810) as Independent Non-Executive Director of the Company to hold office for a term of five consecutive years w.e.f. September 08, 2021.

In the opinion of the Board of Directors, the aforesaid Independent Directors who were appointed/reappointed during the year are persons 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 have either qualified the online proficiency self-assessment test or are exempted.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnels of the Company as on March 31, 2023 are:

- Mr. B N Raveendra Babu, Managing Director; DIN(00043622)
- Mr. Rajesh KRN Namboodiripad, Chief Financial Officer; and
- Ms. Aparna Menon, Company Secretary

Change in office of Chief Financial Officer

Mr. Yogesh Ratnakar Udhoji (upto May 16, 2022)

Mr. Rajesh K R N Namboodiripad (from May 17, 2022)

Director retiring by rotation

Mr. V P Nandakumar (00044512), 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 reappointment. The Board recommends his reappointment.

DECLARATION FROM INDEPENDENT DIRECTOR

Your Company has received necessary declarations from all Independent Directors of the Company confirming that they meet criteria as mentioned in Section 149 of the Act and SEBI LODR.

Your Company has also received undertaking and declaration from each director on fit and proper criteria in terms of the provisions of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ("NBFC-SI-ND Master Directions 2016").

INDEPENDENT DIRECTOR'S MEETING

During the year, meeting of Independent Directors was held on March 15, 2023 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 and Gold Loan Business. The major risks are credit risk, operational risk, liquidity risk, and market risk.

Asirvad is committed to creating an environment of increased risk awareness at all levels. It also aims at continually upgrading the risk management measures to ensure mitigation of various risks. Asirvad has policies and procedures in place to measure, assess, monitor, and manage these risks systematically across the organisation, 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.

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 at defined periods. Risks in the different geographies are monitored continuously, and wherever warranted, the geographies concerned are reviewed immediately.

Operational risk summarises the uncertainties and hazards a company faces when it attempts to do its day-to-day business activities. Operational Risks can result from breakdown in internal procedures, people and systems or external events. Key elements of Asirvad's Operational Risk Management include timely incident reporting, measurement and mitigation, ongoing review of Systems and Controls, monitoring of Key Risk Indicators (KRIs) and aligning Risk Management activities with Business Strategy. Asirvad, periodically creates awareness to all the employees on Systems and Procedures, consequences frauds, Basic ethics of customer service for creating fraud free environment and for customer delight.

Asirvad has a detailed Business Continuity Plan (BCP) in place for ensuring continuity of operations at the Branches and Offices during disruptions.

The various risks across the organisation are monitored and reviewed through the Executive Level Committees and the Risk Management Committee of the Board (RMCB), 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 RBI at periodic intervals.

The Company has a Board approved Risk management policy which caters to the overall risk framework and monitoring commensurate to the size and operations of the Company.

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 in pursuant to Section 135 of the Companies of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

For detailed information regarding CSR Committee, refer the Corporate Governance Report. Further, CSR Annual Report is attached here as Annexure -C, 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.

Salient Features of the CSR Policy is as below:

- **Objective:** The objective of the Corporate Social Responsibility is to benefit the society by improving the quality of the individual, their families, local community at large. Serving the needy people is the top priority of Asirvad Micro Finance Limited ("AMFL/ The Company"). The Company already engages in improving the life of the poor or needy people by providing micro finance business. The Company's vision to benefit the under privileged does not end with that. The Company through CSR activities intends to participate in the overall development of the society.
- **Ethics, Transparency & Accountability:** The Company is committed to maintain ethical value, transparency and accountability. Further, the Company will not engage in the business practices that are abusive, unfair and corrupt.
- **CSR Activities:** As part of the CSR, the company is presently engaged in several projects which are socially relevant and demanding in the locality surrounding its corporate office area and other locations where the company has branches or other place of business. The company may continue to undertake / fund project, programs or activities of the following nature and also undertake such other activities as may be approved by the board as is falling under schedule VII of the Act 2013.

The CSR policy is available on <https://asirvadmicrofinance.co.in/wp-content/uploads/2023/02/CSR-Policy.pdf>.

AUDITORS

Statutory Auditors & their Report

As per the section 139 of the Act, read with the Companies (Audit and Auditors) Rule 2014, the members of the Company at the fourteenth Annual General Meeting appointed M. P. Chitale & Co, Chartered Accountants (Firm Registration No. 101851W) for a period of 3 years commencing from the conclusion of 14th Annual General Meeting (AGM) till the conclusion of 17th AGM of the Company.

The Statutory Auditor's Report 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 August 01, 2022 appointed KSR & CO Company Secretaries LLP as the Secretarial Auditor of the Company, to conduct the Secretarial Audit for the financial year ended March 31, 2023.

The Secretarial Audit Report as received in the prescribed Form No.MR-3, do not contain qualification, reservation, or adverse remarks. The Secretarial Audit Report for the Financial Year 2022-23 is appended as Annexure- D to this report.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended March 31, 2023 for all applicable compliances as per the Regulation 24A of the Listing Regulations and Circulars/ Guidelines issued thereunder. The Annual Secretarial Compliance Report issued by KSR & Co, Company Secretaries LLP has been submitted to the stock exchanges within 60 days of the end of the financial year.

Information systems Audit

In terms of the Master Direction on Information Technology Framework for the NBFC Sector, NBFCs are required to have information system audit. In compliance with the RBI Master Direction on the IT framework for the NBFC sector, we are doing the Information Systems Audit at least once in every year.

The Company had engaged PWC for conducting IS audit for the FY 2023. The Audit Report was duly placed before the IT Strategy Committee and Audit Committee.

Internal Audit

As part of the efforts 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.

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 fraud has been reported neither by the Statutory Auditor nor Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013 against the Company by its officer or employees.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts for the year ended March 31, 2023, the applicable accounting standards as set out with the requirements under Schedule- III of the Act, had been followed with the proper explanation relating to material departures for the same.
- 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, 2023 and 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 controls 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 nine 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 directors and in accordance with the criteria specified in the said policy, the process of annual evaluation has been designed.

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. The Directors have expressed their satisfaction with the evaluation process.

NOMINATION AND REMUNERATION POLICY

The Board of Directors has adopted a policy on director's appointment and remuneration for directors, Key Managerial Personnel and other employees including criteria for determining qualification, positive attributes, independence etc. as laid down by the Nomination Committee of the Board in compliance with the provisions of Section 178 of the Act. The policy can be viewed at <https://asirvadmicrofinance.co.in/wp-content/uploads/2023/02/nomination-remuneration-policys.pdf>.

The policy of Nomination and Remuneration Policy is attached as "Annexure –E" forming part of the Director's Report.

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. No material weakness observed by the Company.

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 400 dedicated personnel who constantly engaged in safeguarding your Company's assets, ensures the quality of assets pledged 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 Team 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, during the Financial Year 2022-23, Deloitte Touche Tohmatsu India LLP was appointed as consultant supporting the Internal Audit function of the Company and the report of the said auditor along with the management responses were also placed before the Audit Committee periodically.

DETAILS OF AUCTIONS HELD DURING THE YEAR 2022-23

Additional disclosures as required by NBFC-SI-ND Master Directions 2016:

Year	Number of Loan Accounts	Principal Amount O/S at the date of Auctions (A)	Interest Amount O/S at the date of Auctions (B)	Total	Value Fetched
Financial Year 2022-2023	545	4.42 Cr.	1.22 Cr.	5.64 Cr.	5.68 Cr.

Note: No sister concern participated in the auctions during the year ended on March 31, 2023.

DEMATERIALISATION OF SHARES

As on March 31, 2023, all the 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 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 1 complaint was 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 great deal of hard work, intense follow-ups and efficient processes have resulted in constantly building high quality assets with minimal delinquencies.

FAIR PRACTICE CODE

RBI had been issuing revised Fair Practices Code guidelines from time to time and your Company has adhered to all of them. The new Fair Practices Code, Code of Conduct, Code of Ethics and Grievance Redressal Mechanism which have been approved by the Board are displayed prominently in all the branches of your Company.

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 – F" 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 to be disclosed under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (accounts) Rules, 2014, is disclosed in "Annexure – G" as attached with this report.

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.

COMPOSITION OF COMMITTEES

The Composition of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Risk Management Committee, CSR Committee, IT Strategy Committee, Borrowing & Securities Allotment Committee, Management Committee and Asset Liability Committee are detailed in the Corporate Governance Report.

PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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	4
2. No. of complaints disposed off	4
3. No. of Complaints pending at the year end	0

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.

OTHERS

- No equity shares were issued with differential rights as to dividend, voting or otherwise.
- The Company has not resorted to any buy back of its equity shares during the year under review.
- Your Company has neither filed any application nor any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the reporting year, hence no disclosure is required under this section.
- Further, there are no details required to be reported with regard to difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions as your Company has not done any settlement with any Bank or Financial Institutions.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

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.

CERTIFICATE ON CORPORATE GOVERNANCE

Certificate provided by KSR & Co., Practicing Company Secretaries LLP, towards compliance of the provisions of Corporate Governance, forms an integral part of this Report and is given as Annexure H.

PARTICULARS OF EMPLOYEES

The Company had 15,874 employees as on March 31, 2023. 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- I.

DETAILS OF REMUNERATION/ COMMISSION RECEIVED BY MANAGING DIRECTOR FROM SUBSIDIARIES

Asirvad has no subsidiary during financial year 2022-23. Further, Mr. B N Raveendra Babu (DIN- 00043622), Managing Director of the Company has not received any remuneration/ commission from subsidiaries of Parent Company.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

No company became or ceased to be subsidiary or joint venture or associate company of Asirvad Micro Finance Limited during the Financial Year 2022-23.

CHANGE IN NATURE OF BUSINESS IF ANY

There has been no change in the nature of business during the financial year 2022-23

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation for the assistance and co-operation extended by the Reserve Bank of India, 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 contributions made by employees of Asirvad Family.

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

sd/-
V. P. Nandakumar
Chairman
DIN: 00044512

sd/-
B. N. Raveendra Babu
Managing Director
DIN: 00043622

Date: July 06, 2023
Place: Valapad

Annexure – A

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)

Form for 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 arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NA

- (a) Name(s) of the related party and nature of relationship: NA
- (b) Nature of contracts/arrangements/transactions: NA
- (c) Duration of the contracts / arrangements/ transactions: NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
- (e) Justification for entering into such contracts or arrangements or transactions: NA
- (f) date(s) of approval by the Board: NA
- (g) Amount paid as advances, if any: NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NA

2. Details of material contracts or arrangement or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Manappuram Finance Limited – Holding Company
- (b) Nature of contracts/arrangements/transactions

(All amounts in ₹ lakhs)

Nature	Year Ended March 31, 2023
Rent & other amenities	12.49
Rent receivable	2.44
Training expenses	74.52
Interest expense	761.03
Loans and advances in the nature of loans	13,000.00
	13,850.48

(c) Duration of the contracts / arrangements/ transactions

Loan availed from MAFIL Rs. 13,000 Lakhs is for a tenure of 12 months.

Training expenses are approved on a yearly basis by Audit Committee.

Rent is being paid on a recurring basis under omnibus limits approved on an annual basis by Audit Committee.

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

Loan of Rs. 13,000 Lakhs

Limit and Tenure	Rs. 13,000 Lakhs Limit for 12 months from the date of disbursement
Tranches	Revolving Credit facility- Multiple tranches based on requirement
Interest Rate	9.25% per annum payable monthly.
Security	Unsecured. However, Asirvad shall maintain unencumbered collateral to cover MAFIL's exposure at any point of time.

Training expenses are approved on a yearly basis by Audit Committee.

Rent is being paid on a recurring basis under omnibus limits approved on an annual basis by Audit Committee.

(e) Date(s) of approval by the Board, if any:

Board approved on August 01, 2022

(f) Amount paid as advances, if any: NA

Form shall be signed by the persons who have signed the Board's report.

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

sd/-
V. P. Nandakumar
 Chairman
 DIN: 00044512

sd/-
B. N. Raveendra Babu
 Managing Director
 DIN: 00043622

Date: July 06, 2023
 Place: Valapad

Annexure A1
ASIRVAD MICRO FINANCE LIMITED
RELATED PARTY TRANSACTIONS (RPTs) POLICY

Approval Details:

Approval Date	January 23, 2020
Effective Date	January 23, 2020
Approved by	Board of Directors
Version	Sec-4.0
Policy Owner	Company Secretary

Review/ Amendment History:

Review/ Amendment Date	1. November 12, 2021 2. March 31, 2022 3. September 29, 2022
Initiated by	Company Secretary
Recommended by	Managing Director, Audit Committee
Approved by	Board of Directors

1. Preamble

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

2. Definitions

"Audit Committee" or **"the Committee"** means the committee of Board of Directors of the Company constituted under the provisions of Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ("SEBI Listing Regulations") read with Section 177 of the Companies Act, 2013;

"MAFIL" means Manappuram Finance Limited, which is the Holding Company of AMFL

"Material Related Party Transactions" means a transaction with a Related Party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited

financial statements of the company or ₹1,000 Crores, whichever is less;

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

"Related Party" means related party as defined in Regulation 2(1)(zb) of the 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,

- i. any person or entity forming part of the promoter or promoter group of the Company;
- ii. Any person or entity holding equity shares of 20% or more, (10% or more with effect from 01st April,

Applicable Accounting Standard is IndAS 24

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity'). (a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control of the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if any of the following conditions applies: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2023) in the Company, either directly or indirectly or on a beneficial interest basis (as per Section 89 of the Act) at any time during the immediate preceding financial year.

shall be deemed to be a related party.

“Related Party Transaction” a means related party transaction as defined under Regulation 2(1)(zc) of the SEBI Listing Regulations;

“Relative” means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under.

“Senior Officers” means shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the managing director including the company secretary and chief financial officer.

All other words and expressions used but not defined in this policy, defined in Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, and SEBI Listing Regulations and IndAS 24 shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case maybe.

3. Policy

All Related Party Transactions shall require prior approval of the Audit Committee comprising of a quorum of only Independent Directors being members of the said Committee approving the same. Such approval shall be only at a meeting of the Audit Committee and not by circulation.

All proposed Related Party Transactions and subsequent material modification of such Related Party Transaction must be presented before the Audit Committee for prior approval by the Independent Directors of the Committee.

In the case of frequent / regular / repetitive transactions which are in the normal course of business of the Company, the Committee may grant omnibus approval.

The Company Secretary shall be responsible for implementation of the Policy.

4. Transactions that are considered as Related Party Transactions:

Following types of the transactions considered as related party as per section 188 of Companies Act 2013:

- (a) Sale, purchase 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 purchase 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.

Types of the transactions considered as related party transaction as per Reg.2(1)(zc) of SEBI Listing Regulations.

- a) A transaction involving a transfer of resources, services or obligations between
 - (i) A listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand
 - (ii) A listed entity or any of its subsidiaries on one hand and any other person or entity on the other hand the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries with effect from April 01 2023

Regardless of whether a price is charged and a transaction with a related party shall be construed to include a single transaction or group of transactions in a contract.

As per IND AS-24, of the Companies (Indian Accounting Standards) Rules, 2015 following are examples of transactions that are disclosed if they are with a related party:

- (a) Purchases or sales of goods (finished or unfinished);
- (b) Purchases or sales of property and other assets;
- (c) Rendering or receiving of services;
- (d) leases;
- (e) Transfer of research and development;
- (f) Transfer under license agreements;
- (g) Transfer under finance arrangements (including loans and equity contribution in cash or in kind);
- (h) Provision of Guarantees and Collaterals;
- (i) Commitments to do something if a particular event occurs or not occur in the future, including executory contracts (recognized and unrecognized)

- (j) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party;
- (k) Management contracts including for deputation of employees.

Parties are considered to be related under IND AS 24, if one party has the ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions and includes the following:

1. A person or a close member of that person's family is related to a company if that person:
 - a. has control or joint control or significant influence over the Company; or
 - b. is a key management personnel of the Company or of a parent of the Company; or
2. An entity is related to a company if any of the following conditions applies:
 - a. The entity is a related party under Section 2(76) of the Companies Act, 2013; or
 - b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); or
 - c. Both entities are joint ventures of the same third party; or
 - d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity; or
 - e. The entity is controlled or jointly controlled by a person identified in (1); or
 - f. A person identified in (1)(b) has significant influence over the entity (or of a parent of the entity)

5. Transactions that are not considered as Related Party Transactions:

The following transactions are not considered as Related Party Transactions

- a) The issue of specified securities on a preferential basis, subject to compliance of the requirements under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018

- b) The Corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding
 - (i) Payment of dividend;
 - (ii) Subdivision or consolidation of securities;
 - (iii) Issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) Buy-back of securities

6. Identification of Related Parties and Interested Director with respect to transactions:

Every Director will be responsible for providing a declaration in the format as per **Form RPT** (Annexure-1 to this Policy) containing the following information to the Company Secretary on an annual basis:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her Relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital as at the end of immediate preceding financial year;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions obtained from a person in professional capacity);
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity); and
7. Body Corporate or any Association of Individuals in which he / she or his / her Relative is a Director or owner or Partner or Promoter or Manager or Chief Executive Officer of Body Corporate or Member of the Association of Individuals.

Every Key Managerial Personnel other than a director will also be required to provide the Names of his / her Relatives in the format as per **Form RPT** on an annual basis.

Every Director and the Key Managerial Personnel will also be responsible to update the Company Secretary of any changes in the above relationships, directorships, holdings, interests and / or controls immediately upon him / her becoming aware of such changes.

7. Transactions and factors for consideration by the Committee in approving and recommending the proposed Related Party Transactions for approval by the Board:

Transactions that require prior approval of Audit Committee

- a) All Related Party Transactions and subsequent material modifications to such Related Party Transactions;

Transactions that require prior approval of Audit Committee of MAFIL:

- a) Related Party Transactions to which AMFL is a party but MAFIL is not a party shall require prior approval of Audit committee of MAFIL if the value of such transactions whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual consolidated turnover as per the last audited financial statements of MAFIL;
- b) With effect from April 1, 2023 Related Party Transactions to which AMFL is a party but MAFIL is not a party shall require prior approval of Audit committee of MAFIL if the value of such transactions whether entered into individually or taken together with previous transactions during a financial year exceeds ten percent of the annual standalone turnover as per the last audited financial statements of AMFL;

Material Modification

Any material modification to the terms approved by the Audit Committee for the Related Party Transactions will require its prior approval. The following terms shall be considered as material terms in respect of every Related Party Transaction, except in case of financial transactions:

- a. Substitution of the name of the Related Party arising due to succession, corporate re-structuring, acquisition etc.
- b. Nature of goods or services
- c. Total value of the Related Party Transaction
- d. Period approved for Related Party Transaction

In respect of financial transactions like providing of loan, inter-corporate deposit:

- a. Substitution of the name of the Related Party arising due to succession, corporate re-structuring, acquisition etc.
- b. Quantum of loan or inter-corporate deposit.
- c. Interest related terms including interest holiday, if any, security terms, if any
- d. Period
- e. Repayment terms

Information to be placed before Audit Committee:

The following information shall be placed before the Audit Committee of the Board of Directors to enable the independent directors who are members of the Audit Committee to consider and decide on the approval in respect of Related Party Transactions:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the Company's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a Related Party Transaction involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company or its subsidiary:
 - i) details of the source of funds in connection with the proposed transaction;
 - ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments,
 - nature of indebtedness;
 - cost of funds; and
 - tenure;
 - iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
 - iv) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the related party transactions.
- g. Justification as to why the Related Party Transaction is in the interest of the Company;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;

- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed related party transaction, on a voluntary basis;
- j. Any other information that may be relevant

The Audit Committee of the Board shall also review the status of long-term (more than one year) or recurring related party transactions on an annual basis.

Factors to be considered by the Audit Committee

While considering any related party transaction, the Committee shall also take into account all relevant facts and circumstances 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 as specified in the relevant applicable circulars issued by SEBI from time to time

Prior to the approval, the Committee may, inter-alia, consider the following factors to the extent relevant to the transaction:

- a. Whether the terms of the Related Party Transaction are in the ordinary course of the Company's business and are on an arm's length basis;
- b. Whether the transaction could be material or significant by value;
- c. The business reasons for the Company to enter into the Related Party Transaction and the nature of alternative options available, if any;
- d. Whether the Related Party Transaction includes any potential reputational risks or misuse of corporate assets that may arise as a result of or in connection with the proposed Transaction; and
- e. Whether the Related Party Transaction would affect the independence or present a conflict of interest for any Director or Key Managerial Personnel of the Company, taking into account the size of the transaction, the overall financial interest or benefit to the Director, Key Managerial Personnel or other Related Party concerned, the direct or indirect nature of the Director's interest, Key Managerial Personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Committee deems relevant.
- f. While considering the arm's length nature of the transaction, the Committee may take into account the facts and circumstances as were applicable at the time of entering into the transaction with the Related Party. The Committee may also take into consideration subsequent events (i.e., events after the initial transactions have commenced)

like evolving business strategies / short term commercial decisions to improve / sustain market share, changing market dynamics, local competitive scenario, economic / regulatory conditions affecting the global / domestic industry, may impact profitability but may not have a bearing on the otherwise arm's length nature of the transaction.

A standard template w.r.t information to be placed before the Committee is part of this policy as Annexure-2.

Omnibus Approval

For granting omnibus approval, the committee shall specify the following details:

- a. Name of the related party;
- b. Nature of the transaction;
- c. Period of the transaction;
- d. Maximum amount of the transactions that can be entered into;
- e. Indicative base price / current contracted price and formula for variation in price, if any;
- f. Justification for the omnibus approval.

Such transactions will be deemed to be pre-approved and may not require any further approval of the Audit Committee for each specific transaction for the specific period approved.

The Audit Committee shall, review quarterly and take note of all Related Party Transactions for which omnibus approval has been granted by the Audit Committee.

The omnibus approval shall be valid for a period of one financial year however subject to quarterly review and fresh approval shall be obtained after the expiry of one year.

8. Approval by the Board:

If the Committee determines that a Related Party Transaction should be brought before the Board or a Related Party Transaction is not in the Ordinary Course of Business or not at Arms' Length or is a material related party transaction or if the Board in any case elects to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the Board shall consider and approve the Related Party Transaction at a meeting.

The Board shall take note of all transactions approved by the Audit committee.

9. Approval by Shareholders

The Board of Directors of the Company shall mandatorily place before the members of the Company, all Material

RPTs and obtain their approval prior to undertaking such transactions.

Except with the prior approval of the Shareholders by a resolution, a company shall not enter into any RPTs as mandated under Section 188 of Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 and/or material related party transactions as stipulated in Regulation 23 of SEBI Listing Regulations.

In all cases, where shareholders' approval is necessary for any RPT, the Company Secretary shall ensure that the agenda of the Board meeting at which the resolution is proposed to be moved shall disclose-

- a. All the information provided by the management of the Company to the Audit Committee;
- b. Any other information that may be relevant.

The Company Secretary shall ensure that the explanatory statement to be annexed to the notice of a general meeting convened for obtaining approval of members in relation to the proposed RPTs shall contain the following particulars:

- a. Summary of the information provided by the management of the Company to the Audit Committee;
- b. Justification for why the proposed transaction is in the interest of the Company;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details placed before the Audit Committee except the information on source of funds and cost of funds.
- d. A statement that the valuation or other external report, if any, relied upon by the Company in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

The Board shall be ultimately responsible for seeking approvals from shareholders as per the requirements of Applicable Laws which may vary from time to time.

Transactions that require prior approval of Shareholders of MAFIL:

Related Party Transactions to which AMFL is a party but MAFIL is not a party, shall require prior approval of

shareholders of MAFIL, if transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of MAFIL as per the last audited financial statements of the company or ₹1,000 Crores, whichever is less.

10. Disclosure, recording and reporting of Related Party Transactions:

- a. Company shall disclose each year in the Audited Financial Statements transactions with Related Parties as prescribed in the applicable Accounting Standard as well as accounting policies governing transactions with Related Parties.
- b. Disclosure in the Board's Report to the shareholders shall be made as prescribed under Companies Act, 2013/ SEBI Listing Regulations.
- c. Company shall submit along with publication of half yearly financial results, disclosures of all RPTs, in the format specified by SEBI to the stock exchanges and publish the same on its website.
- d. The Company Secretary shall make necessary entries in the Register of Contracts required to be maintained under the Companies Act, 2013.

11. Policy on Loan to Directors as per RBI directives

In addition to the provisions of Companies Act 2013 and SEBI Listing Regulations, as per provisions of RBI's DOR. CRE.REC.No.25/03.10.001/2022-23, dated April 19, 2022,

11.1 Loans and advances to Directors - Company shall not grant ₹ 5 cr & above loans and advances unless sanctioned by the Board of Directors / Committee of Directors, to -

- i) its directors (including the Chairman/ Managing Director) or relatives of directors.
- ii) any firm in which any of its directors or their relatives is interested as a partner, manager, employee or guarantor.
- iii) any company in which any of its directors, or their relatives is interested as a major shareholder, director, manager, employee or guarantor.

A director or his relatives shall be deemed to be interested in the company, being the subsidiary or holding company, if he is a major shareholder or is in control of the respective holding or subsidiary company.

The director who is directly or indirectly concerned or interested in any proposal should disclose the nature of his interest to the Board when any such proposal is discussed. He should recuse himself from the meeting unless his presence is required

by the other directors for the purpose of eliciting information and the director so required to be present shall not vote on any such proposal.

The proposals for credit facilities of an amount less than ₹ 5 cr may be sanctioned by the appropriate authority in the NBFC under powers vested in such authority but should be reported to the Board.

11.2 Loans and advances to Senior Officers – Company shall abide by the following when granting loans and advances to its senior officers:

- i) Loans and advances sanctioned to senior officers shall be reported to the Board.
- ii) No senior officer or any Committee comprising, inter alia, a senior officer as member, shall, while exercising powers of sanction of any credit facility, sanction any credit facility to a relative of that senior officer. Such a facility shall be sanctioned by the next higher sanctioning authority under the delegation of powers.

In respect of grant of loans and advances to directors / senior officers and their relatives:-

- i) Company shall obtain a declaration from the borrower giving details of the relationship of the borrower to their directors/ senior officers for loans and advances aggregating ₹ 5 cr & above. NBFCs shall recall the loan if it comes to their knowledge that the borrower has given a false declaration.

The above norms relating to grant of loans and advances will equally apply to awarding of contracts.

The term 'loans and advances' will not include loans or advances against :-

- a) Government securities
- b) Life insurance policies
- c) Fixed deposits
- d) Stocks and shares
- e) Housing loans, car advances, etc. granted to an employee of the NBFC under any scheme applicable generally to employees.

Provided that NBFC's interest/lien is appropriately marked with legal enforceability.

12. Dissemination of Policy:

Either this Policy or the important provisions of this policy shall be disseminated to all functional and operational heads and other concerned persons of the Company and website of the Company and web link thereto shall be provided in the annual report of the Company.

13. Policy Review:

Board shall review the overall policy once in three years and modify or update the same in accordance with the changes to the threshold limits or as may be required by the amendments to Applicable Laws.

Annexure-1
Form RPT

To,
The Company Secretary & Compliance Officer
Asirvad Micro Finance Limited
9th Floor, No. 9, Club House Road,
Anna Salai, **Chennai- 600002**

Dear Sir,

- A. I, _____, S/o/W/o/D/o of _____, resident of _____, holding __ Shares (equity) of ₹ 10/- each as on 31/03/____ in the Company in my name, being a Director in the Company, hereby give notice that I am interested directly/through my Relatives (Schedule) in the following private company or companies or firms:

Sr. No.	Name of the Private Companies / Partnership Firms	Nature of Interest or concern / Change in Interest or Concern	Shareholding	Date on which Interest or Concern arose/changed
---------	---------------------------------------------------	---------------------------------------------------------------	--------------	-------------------------------------------------

- B. The following Public Companies in which I am a Director and holds along with my Relatives (Schedule) more than 2% of paid up share capital as on the end of this financial year:

Sr. No.	Name of the Public Companies holding more than 2% of paid up share capital	Shareholding	Date on which Interest or Concern arose/changed
---------	----------------------------------------------------------------------------	--------------	-------------------------------------------------

- C. The Following are the Bodies Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with any advice, directions or instructions of mine:

Sr. No.	Name of the Body Corporate
---------	----------------------------

- D. I am accustomed to act on the advice, directions or instructions of the following persons (other than advice, directions or instructions obtained in professional capacity).

Sr. No.	Name of the person	Relation
---------	--------------------	----------

- E. The following are Bodies Corporate or association of individuals in which I am or my Relatives (Schedule) interested as a Director of Body Corporate or Member of Association:

Sr. No.	Name of the Bodies Corporate / Association of Individuals	Nature of Interest or concern / Change in Interest	Date on which Interest or Concern arose / changed
---------	-----------------------------------------------------------	----------------------------------------------------	---------------------------------------------------

Signature: _____

Name: _____

Designation: Director

DIN No: _____

Place: _____

Date: _____

Schedule to Form RPT

LIST OF RELATIVES

Sr. No.	Relationship	Full Name	Address	Shareholding in the Company
1	Spouse			
2	Father (including Step-Father)			
3	Mother (including Step-Mother)			
4	Son (including Step-son)			
5	Son's Wife			
6	Daughter			
7	Daughter's Husband			
8	Brother (Including Step-Brother)			
9	Sister (Including Step-Sister)			
10	Members of HUF			

Signature: _____

Name: _____

Designation: Director

DIN No: ____

Place: ____

Date: ____

Annexure-2

Disclosure to be placed before Audit Committee:

Sr. No.	Particulars	Information
1	Name of the Product/Service	
2	Name of the Related Party	
3	Relationship of Related Party with the Company or its subsidiary, including nature of its concern or interest (financial or otherwise)	
4	Type/ Nature of the proposed transaction	
5	Material terms and particulars of the proposed transaction	
6	Tenure/ Term of the proposed transaction (particular tenure shall be specified)	
7	Value of the proposed transaction	
8	The percentage of the Company's turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	
9A.	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the Company then source of funds in connection with the proposed transaction	
9B.	Where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments:	
	➤ Nature of indebtedness	
	➤ Cost of funds	
	➤ tenure	
9C.	Applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security;	
9D.	Purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	
10.	Justification as to why the RPT is in the interest of the Company	
11.	A copy of the valuation or other external party report, if any such report has been relied upon	
12.	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis (If available)	
13.	Brief details of the Arm's length test conducted	
14.	Ordinary Course or not	
15.	Necessity of entering into the transaction	
16.	Does the transaction require prior approval of MAFIL Audit Committee	
17.	Does the transaction require prior approval of MAFIL Shareholders	
18.	Any other information that may be relevant	
19.	Test for subsequent materiality of the transaction taken together with other transactions carried out in the Financial Year with the subject related party	
	Value of all transactions entered in the current financial year	
	Versus 10% of annual consolidated turnover	

Annexure B

Corporate Governance Report

Company's Philosophy on Code of Governance

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 the 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.

Applicability of SEBI (Listing Regulations and Disclosure Requirements), Regulations, 2015 ("SEBI LODR")

SEBI LODR has widened the regulations for high value debt listed Companies and hence the requirements of Regulations 17 to 27 are now applicable to Asirvad Micro Finance.

Even though the requirement is on a comply or explain basis, your Company has adhered to the requirements.

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 the Policy of Internal guidelines 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, 2023, your Company's Board consists of 13 (Thirteen) members. The composition of the Board is in conformity with the provisions of Companies Act, 2013, SEBI LODR and Reserve Bank of India.

Composition and Category of Directors as at March 31, 2023 :

Name of Director	DIN	Category	Designation
Mr. V. P. Nandakumar	00044512	Non- Executive	Non-Independent Director (Chairman)
Mr. B. N. Raveendra Babu	00043622	Executive	Managing Director
Mr. Abhijit Sen	00002593	Non- Executive	Independent Director
Mr. A. Ramanathan	02645247	Non- Executive	Independent Director
Mr. D. R. Dogra	00226775	Non- Executive	Independent Director
Mr. Gautam Saigal	00640229	Non- Executive	Non-Independent Director
Ms. Pushya Sitaraman	06537196	Non- Executive	Independent Director
Mr. S. K. Mitra	00029961	Non- Executive	Independent Director
Mr. S. V. Raja Vaidyanathan	01467098	Non- Executive	Non-Independent Director
Mr. T. Balakrishnan	00052922	Non- Executive	Independent Director
Mr. T. M. Manoharan	00225640	Non- Executive	Independent Director

Name of Director	DIN	Category	Designation
Mr. Harshan Kollara	01519810	Non- Executive	Independent Director
Ms. Anita Belani*	01532511	Non- Executive	Independent Director

*Ms Anita Belani was appointed as an Independent Director by the Board of Directors in its meeting held on January 13, 2023 and the shareholders approved her appointment in their Extra Ordinary General meeting held on March 23, 2023

Attendance during the financial year 2022-23 of each Director at the Board Meetings as well as previous Annual General Meeting are as follows:

S I No.	Name of the Director	Category	Attended (Board meeting)	Attended last AGM held on September 24, 2022
1.	Mr. V. P. Nandakumar	Chairman	9	YES
2.	Mr. B. N. Raveendra Babu	Managing Director	9	YES
3.	Mr. Abhijit Sen	Independent Director	9	YES
4.	Mr. A. Ramanathan	Independent Director	9	YES
5.	Mr. D. R. Dogra	Independent Director	8	YES
6.	Mr. Gautam Saigal	Non-Executive, Non- Independent Director	8	YES
7.	Ms. Pushya Sitaraman	Independent Director	9	YES
8.	Mr. S. K. Mitra	Independent Director	7	YES
9.	Mr. S. V. Raja Vaidyanathan	Non-Executive, Non- Independent Director	8	YES
10.	Mr. T. Balakrishnan	Independent Director	9	YES
11.	Mr. T. M. Manoharan	Independent Director	3	NO
12.	Mr. Harshan Kollara	Independent Director	8	YES
13.	Ms. Anita Belani*	Independent Director	2	NA

*Appointed with effect from January 13, 2023

The details of Shareholding, Directorship and Chairmanship/Membership of Committees as on March 31, 2023

S I No.	Name of the Director	Number of Directorships	Member-ships in Audit / Stakeholders Relationship Committee**	Chairmanships in Audit / Stakeholders Relationship Committee**	Shareholding of Directors	Category of directorship and Names of listed entities where person is a director*
1.	Mr. V. P. Nandakumar Chairman	18	3	0	243391	1. Manappuram Finance Limited - Managing Director
2.	Mr. B. N. Raveendra Babu Managing Director	1	1	0	58944	Nil
3.	Mr. Abhijit Sen Independent Director	11	7	4	-	1. Kalyani Forge Limited - Independent Director 2. Manappuram Finance Limited- Independent Director 3. Ugro Capital Limited -Independent Director 4. Tata Investment Corporation Limited -Independent Director
4.	Mr. A. Ramanathan Independent Director	7	3	0	36000	1. Mangal Credit and Fincorp Limited - Independent Director

Sl. No.	Name of the Director	Number of Directorships	Member-ships in Audit / Stakeholders Relationship Committee**	Chairmanships in Audit / Stakeholders Relationship Committee**	Shareholding of Directors	Category of directorship and Names of listed entities where person is a director*
5.	Mr. D. R. Dogra Independent Director	9	4	3	18600	1. S Chand and Company Limited - Independent Director 2. IFB Industries Ltd - Independent Director 3. Capri Global Capital Limited - Independent Director 4. Axiscades Technologies Limited - Independent Director 5. G R Infraprojects Limited - Independent Director
6.	Mr. Gautam Saigal Non-Executive Non Independent Director	4	2	1	48166	-
7.	Ms. Pushya Sitaraman Independent Director	6	3	1	-	1. Western India Plywoods Limited - Independent Director
8.	Mr. S. K. Mitra Independent Director	10	10	5	-	1. Onward Technologies Limited - Independent Director 2. IL&FS Engineering and Construction Company Limited - Independent Director 3. IL&FS Transportation Networks Limited - Independent Director 4. Centrum Capital Limited - Independent Director 5. AGS Transact Technologies Limited - Independent Director
9.	Mr. S. V. Raja Vaidyanathan Non- Executive Non-Independent Director	9	1	0	1060000	-
10.	Mr. T. Balakrishnan Independent Director	7	7	2	-	1. Western India Plywoods Limited - Independent Director
11.	Mr. T. M. Manoharan Independent Director	1	1	0	-	-
12.	Mr. Harshan Kollara Independent Director	2	3	1	-	1. Manappuram Finance Limited, Independent Director
13.	Ms. Anita Belani Independent Director	8	6	0	-	1. Foseco India Limited - Independent Director 2. Redington Limited - Independent Director 3. IDFC Limited - Independent Director

*As required by Clause 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosures includes the number and name of listed entities on which a person is a director / independent director only those whose equity shares are listed on a stock exchange

**As required by Clause 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosures include Membership/ Chairpersonship of Audit Committee and Stakeholders Relationship Committee of Companies are shown.

Meetings of the Board

During the year, the Board met 9 (Nine) times on the following dates:

S I. Date of Meeting No.

1.	25/04/2022
2.	16/05/2022
3.	01/08/2022
4.	05/09/2022
5.	29/09/2022
6.	07/11/2022
7.	13/01/2023
8.	31/01/2023
9.	23/03/2023

There is no relationship between Directors inter se.

Familiarization Program for Independent Directors

Pursuant to Regulation 25(7) of the Listing Regulations, the Company has put in place a system to familiarize its Independent Directors about the Company, its financial products, the industry and business model of the Company. The Company has conducted two programs during the financial year 2022-23. The details of the same uploaded in the company's website at the web link: <https://asirvadmicrofinance.co.in/familiarization-programmes/>

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

The brief profiles of Directors are also available on the website of the Company <https://asirvadmicrofinance.co.in/board-of-directors/>

The Audit Committee met on the following dates during the financial year 2022-23:

Audit Committee Meeting						
Date	Abhijit Sen	D. R. Dogra	Harshan Kollara	T. Balakrishnan	Gautam Saigal	S.V. Raja Vaidyanathan
May 14, 2022	Present	Present	Present	Present	Present	Present
July 15, 2022	Present	Present	Present	Present	Present	Present
August 01, 2022	Present	Present	Present	Present	Present	Present
November 05, 2022	Present	Present	Present	Present	Present	Present
December 09, 2022	Present	Present	Present	Present	Present	Present
December 16, 2022	Present	Present	Present	Present	Present	Present
January 23, 2023	Present	Present	Present	Present	Present	Present
January 30, 2023	Present	Present	Present	Present	Present	Present
March 04, 2023	Present	Present	Present	Present	Present	Present

Pursuant to Clause C(2)(i) of Schedule V of Listing Regulations, in the opinion of the Board, the independent directors fulfill the conditions as specified in the Listing Regulations and are independent of the management.

Separate meeting of the Independent Directors

A Separate Meeting of Independent Directors were held on March 15, 2023 without the presence of Non-Independent Directors and Members of Management. All the Independent Directors except Mr. T.M. Manoharan (DIN: 00225640) 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.

Composition of the Audit Committee as on March 31, 2023 are as follows:

Name of the Director	Position and Category
Mr. D. R. Dogra	Chairman, Independent Director
Mr. Abhijit Sen	Member, Independent Director
Mr. Harshan Kollara	Member, Independent Director
Mr. Gautam Saigal	Member, Non-Executive, Non-Independent Director
Mr. S. V. Raja Vaidyanathan	Member, Non-Executive, Non-Independent Director
Mr. T. Balakrishnan	Member, Independent Director

Role of Audit Committee

- The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Review and monitor the Auditor's independence and performance, and effectiveness of Audit process;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Oversight of financial reporting process and disclosures of financial information to ensure that the Financial Statement is correct, sufficient and credible;
- Examining/ Reviewing with management the annual Financial Statement and the Auditors' Report thereon before submission to the board for approval, with particular reference to:
 1. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 2. changes, if any, in accounting policies and practices and reasons for the same;
 3. major accounting entries involving estimates based on the exercise of judgment by management;
 4. significant adjustments made in the financial statements arising out of audit findings;
 5. compliance with listing and other legal requirements relating to financial statements;
 6. disclosure of any related party transactions;
 7. modified opinion(s) in the draft audit report
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Security of inter-corporate Loans and Investments;
- Valuation of undertakings or Assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the whistle blower mechanism;
- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee;
- Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public

issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee pursuant to the provisions of the Companies Act, 2013 and SEBI LODR. 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 2022-23:

Sl. No.	Date	T. Balakrishnan	Gautam Saigal	A. Ramanathan	Pushya Sitaraman
1	May 09, 2022	Present	Present	Present	Present
2	July 22, 2022	Present	Present	Present	Present
3	October 26, 2022	Present	Absent	Present	Present
4	January 25, 2023	Present	Present	Present	Present

Composition of the Nomination and Remuneration Committee as on March 31, 2023 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, Non-Independent Director
Ms. Pushya Sitaraman	Member, Independent Director

CRITERIA FOR PERFORMANCE EVALUATION OF INDEPENDENT DIRECTORS

The criteria and manner for evaluation of performance of Independent Directors provide certain parameters like:

- Understanding and knowledge of the entity in which it operates and the applicable regulatory norms
- Constructive and analytical decision making abilities and core competencies for effective functioning of the Board
- Understanding of the risk attached with the business structure
- Availability for meetings of the Board and attendance in the meeting of Committees regularly and timely, without delay
- Level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.)

- Participation in decisions taken during meetings are unbiased, based on ethical judgment and are in strict conformity to the applicable regulatory norms
- Commitment to ensure that there is fairness and integrity in the Company, in letter as well as spirit
- Exercise of own judgment and voicing of opinion freely

The Board completed the performance evaluation of directors as per requirement of law. The Independent directors fulfilled the requirement of independence as laid down in the Act and Listing Regulations and are independent of management.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee is constituted pursuant to Section 178 of the Companies Act, 2013 read with rules made thereunder and SEBI LODR.

Role of the Committee:

The role of the Committee, inter-alia, shall include the following:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders

- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent
- Review of the various measures and initiatives taken by the Company for ensuring timely receipt of annual reports/statutory notices by the security holders of the Company.
- Review of all communications to security holders mandated by LODR and Companies Act, 2013

During the financial year 2022-23, the Stakeholder Relationship Committee met two times on the following dates:

Sl. No.	Date	S. K. Mitra	B. N. Raveendra Babu	Pushya Sitaraman	T. M. Manoharan
1	July 20, 2022	Present	Present	Present	Absent
2	January 28, 2023	Present	Present	Present	Absent

Composition of the Stakeholder Relationship Committee as on March 31, 2023 are as follows:

Name of the Director	Category
Mr. Harshan Kollara	Chairman, Independent Director*
Mr. S. K. Mitra	Member, Independent Director**
Mr. B. N. Raveendra Babu	Member, Managing Director
Ms. Pushya Sitaraman	Member, Independent Director
Mr. T. M. Manoharan	Member, Independent Director

*Member and Chairman w.e.f March 23, 2023

** Chairman upto March 22, 2023 and Member w.e.f March 23, 2023

Name, designation and address of Compliance Officer:

Ms. Aparna Menon
Company Secretary
Asirvad Micro Finance Limited
9th Floor No.9 Club House Road,
Anna Salai- Chennai- 600002
Ph: 9345960647
Email ID: cs@asirvad.in

There are no complaints received from the security holders during the FY 2022-23

Risk Management 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 four times on following dates during the financial year 2022-23:

Sl. No.	Date	Gautam Saigal	S.V. Raja Vaidyanathan	B. N. Raveendra Babu	T. M. Manoharan	D. R. Dogra	Abhijit Sen	CRO
1	May 11, 2022	Present	Present	Present	Present	Present	Present	Present
2	July 28, 2022	Present	Present	Present	Present	Present	Present	Present
3	November 15, 2022	Present	Present	Present	Absent	Present	Present	Present
4	January 27, 2023	Present	Present	Present	Absent	Present	Present	Present

Composition of the Risk Management Committee as on March 31, 2023 are as follows:

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

Name	Category
Mr. T. M. Manoharan	Member, Independent Director
Mr. S. Umasankar	Non-Board Member, CRO

Role of the Committee:

The role of the Risk Management Committee, inter-alia, shall include the following:

- To formulate a detailed Risk Management Policy, which shall cover the following:
 1. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
 2. Measures for risk mitigation including systems and processes for internal control of identified risks;
 3. Business continuity plan
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;
- Identification, monitoring and measurement of the risk profile of the Company (including market risk, operational risk, compliance risk, credit risk, transactional risk etc.);
- overseeing its integrated risk measurement system;
- to analyze the critical decision for investments and corporate lending;
- Perform such other act, including the acts and functions stipulated by RBI and any other regulatory authority, as prescribed from time to time.

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 four times on below mentioned dates during the financial year 2022-23:

Corporate Social Responsibility Committee					
Sl No.	Date	Pushya Sitaraman	T. Balakrishnan	D. R. Dogra	B. N. Raveendra Babu
1	May 09, 2022	Present	Absent	Present	Present
2	July 23, 2022	Present	Present	Present	Present
3	October 26, 2022	Present	Present	Present	Present
4	January 25, 2023	Absent	Present	Present	Present

Composition of the Corporate Social Responsibility Committee as on March 31, 2023 are as follows:

Sl No.	Name of the Director	Category
1	Ms. Pushya Sitaraman	Chairperson, Independent Director
2	Mr. B. N. Raveendra Babu	Member, Managing Director
3	Mr. D. R. Dogra	Member, Independent Director
4	Mr. T. Balakrishnan	Member, Independent Director

Role of the CSR Committee includes:

- Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred referred to in clause (a);
- Monitor the CSR Policy of the Company from time to time;
- Formulation of Annual Action Plan in accordance with CSR Policy

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 2022-23, the IT Strategy Committee met four times on the following dates:

Sl. No.	Date	S. K. Mitra	S.V. Raja Vaidyanathan	B.N. Raveendra Babu	Abhijit Sen	CTO
1	April 30, 2022	Present	Present	Present	Present	Present
2	July 20, 2022	Present	Present	Present	Present	Present
3	October 27, 2022	Present	Present	Present	Present	Present
4	March 17, 2023	Present	Present	Present	Present	Present

Composition of the IT Strategy Committee as on March 31, 2023 are as follows:

Name	Category
Mr. S. K. Mitra	Chairman, Independent Director
Mr. Abhijit Sen	Member, Independent Director
Mr. B. N. Raveendra Babu	Member, Chief Information Officer, Managing Director
Mr. S. V. Raja Vaidyanathan	Member, Non-executive, Non-Independent Director
Mr. Joshy K.G.	Chief Technology Officer

Borrowing & Securities Allotment Committee

The Borrowing & Securities Allotment Committee is in place inter alia 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 2022-23:

Sl. No.	Date	S.V. Raja Vaidyanathan	A. Ramanathan	B. N. Raveendra Babu	V. P. Nandakumar
1	April 22, 2022	Present	Present	Present	Present
2	June 04, 2022	Present	Present	Present	Present
3	June 22, 2022	Present	Present	Present	Present
4	July 30, 2022	Present	Present	Present	Present
5	August 16, 2022	Present	Present	Present	Present
6	August 24, 2022	Present	Present	Present	Present
7	August 30, 2022	Present	Present	Present	Present
8	September 06, 2022	Present	Present	Present	Present
9	September 12, 2022	Present	Present	Present	Present
10	September 21, 2022	Present	Present	Present	Present
11	September 26, 2022	Present	Present	Present	Present
12	September 28, 2022	Present	Present	Present	Present
13	October 03, 2022	Present	Present	Present	Present
14	October 20, 2022	Present	Present	Present	Present
15	October 27, 2022	Present	Present	Present	Present
16	November 14, 2022	Present	Present	Present	Present
17	November 16, 2022	Present	Present	Present	Present
18	November 21, 2022	Present	Present	Present	Present
19	November 23, 2022	Present	Present	Present	Present

Sl. No.	Date	S.V. Raja Vaidyanathan	A. Ramanathan	B. N. Raveendra Babu	V. P. Nandakumar
20	November 25, 2022	Present	Present	Present	Present
21	November 26, 2022	Present	Present	Present	Present
22	December 13, 2022	Present	Present	Present	Present
23	December 24, 2022	Present	Present	Present	Present
24	December 28, 2022	Present	Present	Present	Present
25	December 30, 2022	Present	Present	Present	Present
26	December 31, 2022	Present	Present	Present	Present
27	January 04, 2023	Present	Present	Present	Present
28	February 02, 2023	Present	Present	Present	Present
29	February 13, 2023	Present	Present	Present	Present
30	February 21, 2023	Present	Present	Present	Present
31	February 28, 2023	Present	Present	Present	Present
32	March 16, 2023	Present	Present	Present	Present
33	March 23, 2023	Present	Present	Present	Present
34	March 30, 2023	Present	Present	Present	Present
35	March 31, 2023	Present	Present	Present	Present

Composition of the Borrowing Committee as on March 31, 2023 are as follows:

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

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 give a high-level strategy for the functioning of business. 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 twice i.e., on June 14, 2022 and March 04, 2023.

Management Committee

Sl. No.	Date	V. P. Nandakumar	Abhijit Sen	Harshan Kollara	D. R. Dogra	S.V. Raja Vaidyanathan,	B. N. Raveendra Babu	Gautam Saigal
1	June 14, 2022	Present	Present	Absent	Present	Present	Present	Present
2	March 04, 2023	Present	Present	Present	Present	Present	Present	Present

Further, the composition of Management Committee as on March 31, 2023 are as follows:

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

Asset Liability Committee

Asset Liability Committee is an executive committee comprising of the management team, constituted to inter alia 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 2022-23, the Asset Liability Committee met Twelve times on the following dates:

Sl. No.	Date	B. N. Raveendra Babu	CFO	COO/ Head of Disbursement & Collection (MFI)*	CRO
1	April 21, 2022	Present	Present	Present	Present
2	May 26, 2022	Present	Present	Present	Present
3	June 29, 2022	Present	Present	Present	Present
4	July 22, 2022	Present	Present	Present	Present
5	August 22, 2022	Present	Present	Present	Present
6	September 19, 2022	Present	Present	Present	Present
7	October 21, 2022	Present	Present	Absent	Present
8	November 17, 2022	Present	Present	Present	Present
9	December 20, 2022	Present	Present	Present	Present
10	January 18, 2023	Present	Present	Present	Present
11	February 27, 2023	Present	Present	Present	Present
12	March 27, 2023	Present	Present	Present	Present

*ALCO reconstituted in the BM held on 07.11.2022

Composition of the Asset Liability Committee as on March 31, 2023 are as follows:

Name	Category
Mr. B N Raveendra Babu	Chairman, Managing Director
Mr. Chintha Prasad*	Member, Head of Disbursement and Collection (MFI)
Mr. Umasankar Srinivasan	Member, CRO
Mr. Rajesh KRN Namboodiripad	Member and Secretary of the Committee, CFO

*Mr. Ravindra Goud was Member of the Committee upto September 2022.

Senior management

Particulars of senior management including the changes therein since the close of the previous financial year.

Senior Management	2022-2023	March 31, 2022
Head Disbursement and Collection	Mr. Chintha Prasad*	-
Chief Operations Officer	Mr. Ravindra Goud (upto September 30, 2022)	Mr. Ravindra Goud
CFO	Mr. Yogesh Ratnakar Udhoji (upto May 16, 2022) Mr. Rajesh K R N Namboodiripad (from May 17, 2022)	Mr. Yogesh Ratnakar Udhoji

Senior Management	2022-2023	March 31, 2022
BUSINESS HEAD GOLD	Mr.Muthu Bhaskar*	-
HR HEAD	Ms. Neena K P	Ms. Neena K P
CCO	Mr. Sugesh Ram K S (Was holding the position of Head-compliance upto July 31, 2022)	Mr. Sugesh Ram K S (Head-compliance)
CS	Ms. Aparna Menon	Ms. Aparna Menon
CTO	Mr. Joshy K G	Mr. Joshy K G
CRO	Mr. S. Umasankar	Mr. S.Umasankar
HEAD OF INTERNAL AUDIT	Mr. R. Nandakumar (from January 31, 2023) Mr. Rajasekaran NRK (from August 1, 2022 to December 11, 2022) Mr. Rajesh K R N Namboodiripad (upto May 16, 2022)	Mr.Rajesh K R N Namboodiripad
CISO	Mr. Adinadh K R*	-

*Identified as Senior management to align with revised definition as per SEBI (LODR), 2015

Remuneration to Directors

Details of remuneration of the Directors for the financial year ended March 31, 2023:

(Rs. In Lakhs, unless otherwise mentioned)

Name of the Directors	Salary, Perquisite & Pension	Sitting Fee	Commission paid during the year*	Stock Options	Shareholding (Equity) (No.)
Mr. V.P. Nandakumar	-	-	-	-	2,43,391
Mr. S.V. Raja Vaidyanathan	-	7.28	13	-	10,60,000
Mr. B.N. Raveendra Babu	128.70	-	60	-	58,944
Mr. Gautam Saigal	-	5.40	16	-	48,166
Mr. T. Balakrishnan	-	5.32	16	-	-
Mr. A. Ramanathan	-	4.97	13	-	36,000
Mr. D R Dogra	-	5.53	18	-	18,600
Mr. T.M. Manoharan	-	1.16	-	-	-
Ms. Pushya Sitaraman	-	3.87	16	-	-
Mr. S. K. Mitra	-	2.88	19	-	-
Mr. Abhijit Sen	-	5.83	13	-	-
Mr. Harshan Kollara	-	4.30	13	-	-
Ms. Anita Belani	-	0.60	2.78	-	-

*This is the Commission amount approved by the Board for FY 2023

Criteria of making payments to Non-Executive Directors

While considering the level of commission payable to the independent, non-executive directors, the Nomination and Remuneration Committee takes into account various factors such as attendance, level of participation, contribution to the meetings and its decision making, continuity on the Board, fit and proper status and feedback of performance appraisal questionnaire, etc.

For the Financial Year 2023, the Nomination and Remuneration Committee and the Board considered the performance of Non- executive Directors across the different parameters identified and fixed a base commission for Non- executive Directors and an additional commission for Chairpersons of statutory Committees.

Disclosures with respect to Remuneration Executive Directors

Mr. B.N. Raveendra Babu, Managing Director

- (i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc;

Remuneration paid for FY 2023

(Rs. In Lakhs, unless otherwise mentioned)

Name of the Directors	Salary, Perquisite & Pension	Benefits/ Provident fund	Sitting Fee	Commission paid during the year*	Stock Options
Mr. B.N. Raveendra Babu	128.70	16.08	-	60	-

*This is the Commission amount approved by the Board for FY 2023

Details of Remuneration approved by Shareholders of the Company:

- Salary: Rs. 1,30,20,000 (Rupees One Crore Thirty Lakh and Twenty Thousand Only) per annum with effect from July 01, 2022.
- 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;
- 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.
- In the event of inadequacy of profits or no profits, Mr. B. N. Raveendra Babu, Managing Director shall be entitled to consolidated remuneration including Commission but not exceeding Rs.3Crore during any financial year and such remuneration shall remain in force for a period of three years commencing from the year the Company has inadequacy of profits or reports loss.

Fulfills the function as assigned to him/her by Board and the regulatory norms.

Actively takes initiative with respect to various areas

Ensure that there is fairness and integrity in the Company, in letter as well as in spirit

Highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).

KPI's

Performance related to budget

Performance vis a vis peers.

Qualitative Aspects including Employee engagement, Building an ethical culture in the organisation etc.

(iii) service contracts, notice period, severance fees; NA

(iv) stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable: NA

(ii) performance criteria includes the below;

Competent, as per the criteria identified by the Nomination and Remuneration Committee for the effective functioning of the entity and the Board Understanding and knowledge of the entity and the sector in which it operates

Resignation of Independent Director

No Independent Director has resigned during the Financial Year 2022-23.

General Body Meeting

Details of the last three Annual General Meetings of the Company are given below:

Sl. No.	Meeting	Date & Time	Venue
1	Annual General Meeting	September 24, 2022 at 11.00 AM	9 th Floor, No 9, Club House Road, Anna Salai, Chennai-600002. (Through Video Conference)
Special Resolutions Passed			
<ul style="list-style-type: none"> • To re-appoint Mr. S.K Mitra as an Independent Director of the Company • To consider the re-appointment of Mr. T. Balakrishnan as an Independent Director of the Company • To consider the re-appointment of Mr. T.M. Manoharan as an Independent Director of the Company • To consider revision in remuneration of Mr. B.N. Raveendra Babu, Managing Director of the company 			
2	Annual General Meeting	September 08, 2021 at 04.00 PM	9 th Floor, No 9, Club House Road, Anna Salai, Chennai-600002. (Through Video Conference)
Special Resolutions Passed			
<ul style="list-style-type: none"> • To increase the borrowing power of the Company U/s 180(1) (c) of the Companies Act, 2013 • To create charges on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1) (a) of the Companies Act, 2013 • Re-appointment of Mr. D R Dogra (holding DIN: 00226775) as Independent Director of the Company 			
3	Annual General Meeting	August 25, 2020 at 10.00 AM	47, Whites Road 1 st Floor, Deshabandu Plaza, Royapettah, Chennai 600014 (Through Video Conference)

Sl. No.	Meeting	Date & Time	Venue
Special Resolutions Passed			
			<ul style="list-style-type: none"> To increase the borrowing power of the Company U/s 180(1) (c) of the Companies Act, 2013 To create charges on the Movable and Immovable properties of the Company, both present and future, in respect of borrowings u/s 180(1) (a) of the Companies Act, 2013 To offer or invite subscription for non-convertible debentures (NCDs) and commercial paper (CPs) To appoint Mr. B. N. Raveendra Babu as Joint Managing Director and Key Managerial Personnel

No resolutions were passed vide Postal Ballot during the financial year 2022-23:- No special resolution is proposed to be conducted through postal ballot.

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

Details of Extraordinary General Meeting during the FY 2022-23: -

Sl. No.	Meeting	Date & Time	Venue
1	Extraordinary General Meeting	March 23, 2023 at 1.30 PM	Board Room, 4 th floor, IV/470A(old) W638A(new), Manappuram House, Valapad, Thrissur-680567 (Kerala)

Special Resolutions Passed

- To consider Appointment of Ms. Anita Belani as Non-Executive Independent Director
- To modify the Articles of Association of the Company

Means of Communication

The Company publishes the un-audited / audited financial results on quarterly basis in accordance with the provisions of SEBI (LODR) Regulations, 2015. The financial results in the prescribed format are published in leading newspapers like Financial Express. The Company has its website at <https://asirvadmicrofinance.co.in/> where in relevant information about the Company and its performance including board approved policies / code are given. The financial results of the Company are also posted on its web site. The company is a debt listed company hence it does not upload the presentations to institutional investors/ analysts.

All information/communication for debenture holders are duly filed with BSE Limited and the same are posted in the Company's website.

General Shareholders Information as on March 31, 2023

(a) Annual general meeting - date, time and venue;	Date: September 24, 2022 Time: 11.00 A.M. (IST) through video conferencing Venue: 9 th Floor, Door No.9, Club House Road, Anna Salai, Chennai- 600 002
(b) Financial year;	2022-23
(c) Dividend payment date;	NA (No payment during the FY 2022-23)
(d) The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s);	BSE Limited (BSE) 25 th floor, P. J. Towers, Dalal Street, Mumbai - 400 001 Annual listing fee for FY 2022-23 has been paid by the Company to BSE within due date.
(e) Stock code;	BSE Scrip Code- 950689
(f) Market price data- high, low during each month in last financial year;	NA (Debt listed Company)
(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;	NA (Debt listed Company)

(h)	In case the securities are suspended from trading, the directors report shall explain the reason thereof;	NA
(i)	Registrar to an issue and share transfer agents;	S.K.D.C. Consultants Limited, Category I Registrars and Share Transfer Agents "Surya" 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, TN, India Phone: +91 422 4958995, 2539835/ 836
(j)	Share transfer system;	All shares and debentures of the Company are in the Demat form and are transferrable through Depository System.
(k)	Distribution of shareholding	Detailed below
(l)	Dematerialization of shares and liquidity	Detailed below
(m)	Outstanding global depository receipts or american depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;	NA (It is a debt listed company)
(n)	Commodity price risk or foreign exchange risk and hedging activities;	Please refer the Notes No. 39 of financial statements
(o)	Plant locations;	There are no plants for the company, however, we have branches across India
(p)	Address for correspondence;	Registered Office: 9 th Floor, No.9, Club House Road, Anna Salai, Chennai, Tamil Nadu - 600002
(q)	List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:	Details of Credit Rating is detailed in the Directors' Report.

(k) Distribution of shareholding as on March 31, 2023

The Company is a member of the depository services of the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of its shares.

Shares of the Company are unlisted.

As on 31/03/2023 100% of the equity shares of the Company are in electronic form with the depositories as detailed below:

Category	No. of Shares	%
National Securities Depository Ltd	6,26,31,187	99.99%
Central Depository Services Ltd	9,058	0.01%
Total	6,26,40,245	100%

(l) Distribution of shareholding as on March 31, 2023

Sl. No.	No. of Equity Shares	No of Shareholders	% of Shareholders	No of Shares held	% of Shareholders
1	1,000 - 10,000	1	10	9,058	0.01
2	10,001 - 20,000	3	30	45,957	0.07
3	20,001 - 30,000	0	0	0	0.00
4	30,001 - 40,000	1	10	36,000	0.06
5	40,001 - 50,000	1	10	48,166	0.08
6	Above 50,000	4	40	6,25,01,064	99.78
	Total	10	100	6,26,40,245	100

Other Disclosures

- There were no materially significant related party transactions having potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note 36 of financial statements. Company has obtained Special Resolution from shareholders at the Annual General Meeting for entering into Related Party Transactions with Manappuram Finance Limited upto a limit of Rs.350 Crore (Rupees Three Hundred and Fifty Crore).
- There were no instances of non-compliance by the Company for which any penalties or strictures were imposed on the Company by the Stock Exchanges and SEBI, or any statutory authority on any matter related to capital markets during the last three years except as given below:

Name of Stock Exchange	Relevant Regulation	Fine Amount/ Basis of Calculation (In Rs.)	Date of Notice
BSE	Regulation 60(2)	11,800 (10,000 per day plus GST)	September 28, 2022
BSE	*Regulation 57(1)	3,540 (10,00 per day plus GST)	September 28, 2022

* Waiver for Regulation 57(1) received from BSE on November 23, 2023.

The Company has received multiple notices from BSE and have reverted with proof of compliance.

As at March 31, 2023, the Company has received multiple notices and is awaiting waiver notices for emails from BSE imposing fines worth Rs. 4,35,420.

- The Company has adopted the Whistle Blower Policy and has established the necessary mechanism in line with the Stock Exchanges, for employees to report concerns about unethical behavior. No person has been denied access to the Audit Committee. The Vigil Mechanism as per Regulation 22 of Listing Regulations ensures standards of professionalism, honesty, integrity and ethical behavior. The Whistle Blower Policy/Vigil Mechanism is uploaded on the Company's website at the web link <https://asirvadmicrofinance.co.in/wp-content/uploads/2023/02/policy-on-vigil-mechanism.pdf>
- Details of compliance with Mandatory requirements and adoption of non-mandatory requirements- Company is in compliance with all mandatory requirements applicable to it as per SEBI LODR i.e., Chapter II, Chapter III, Chapter IV (From Regulation 17 to 27) and Chapter V.
- The Company does not currently have any material listed/ unlisted subsidiary companies as defined in

Regulation 24 (1) of Listing Regulations. The Policy on Material Subsidiaries may be accessed at <https://asirvadmicrofinance.co.in/policy-on-determining-material-subsidiaries/>

- The policy on dealing with related party disclosures is uploaded on the Company's website at the web link of <https://asirvadmicrofinance.co.in/wp-content/uploads/2023/05/RPT%20Policy%20September%2029,%202022.pdf>
- Disclosure of commodity price risks and commodity hedging activities

The Company lends against the collateral of used gold jewellery. When the customer fails to repay the principal plus interest of the loan, the Company auctions the collateral and recovers the dues as per the RBI guidelines on gold loan auctioning. The amount recovered at the time of auction depends on the price of the gold content of the jewellery. As gold is a commodity, the Company does therefore bear exposure to commodity price risk. If gold prices are high, the amount of recovery at the time of auction is more and when the price of gold is low the amount recovered at the time of auction is lower. At the time of auction, the Company may not collect fully the amount of interest due, especially if the price of gold is lower at the time of auction than at the time of disbursement.

In order to mitigate the risk of fluctuations in gold price, the management sets LTV factoring such risks.

- Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A). - NA
- A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority is published at the report as Annexure-I
- Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:- NA
- Total fees for all services paid by the listed entity to the statutory auditor –

Payment to Statutory Auditor - FY 2022-23 (Amt in Lakhs)

- Statutory audit	21.5
- Tax audit	1.5
- Other services (Limited Review, Interim Audit and Certification)	16.35
- Out of pocket expenses	27.7
Total	67.05

➤ Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year – 4 Nos
- number of complaints disposed of during the financial year - 4 Nos
- number of complaints pending as on end of the financial year - 0

➤ Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount'- Nil

➤ Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries- The Company has no Subsidiaries

➤ Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed. – Nil

➤ The Company is in compliance with all the corporate governance requirements mandated by Part A to D of Schedule II of the SEBI (LODR) Regulations, 2015.

The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI (LODR) Regulations, 2015:

- The Company does not spend for the non-executive chairperson's office and also does not reimburse expenses incurred in performance of his duties
- The auditors' report on statutory financial statements of the Company are unmodified.
- Mr. V. P. Nandakumar is the Non-Executive Chairman of the Company and Mr. B.N. Raveendra Babu is the Managing Director of the Company.

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director

- The internal auditor reports directly to the audit committee

➤ The Company has complied with all the disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27.

Clauses (b) to (i) of sub regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company) is not applicable to the Company. Company is in Compliance with website disclosure requirements specified in Regulation 62 of Listing Regulations.

Code of Conduct

As per Regulation 26 of SEBI (LODR) Regulations, 2015, the Company has framed a Code of Conduct for the directors and senior management personnel and the same has been uploaded on to the website of the Company and is accessible to the shareholders of the Company at <https://asirvadmicrofinance.co.in/wp-content/uploads/2023/02/code-of-conduct-for-directors-and-senior-managements.pdf>

It is hereby affirmed that all the Board members and senior management personnel have complied with Code of Conduct of the Company. In terms of the provisions of Part E of Schedule V of the SEBI (LODR) Regulations, 2015, a declaration signed by the Managing Director of the Company is published in this report as Annexure - II.

MD/CFO Certification-

The requisite certification made by MD/CFO as per the Regulation 17(8) as specified in Part B of Schedule II of the SEBI (LODR) Regulations, 2015 for FY 2022-23 which was taken note by the Board of Directors at its meeting held on May 09, 2023 is published in this report as Annexure – III.

Disclosures with respect to demat suspense account/ unclaimed suspense account – NA. Shares of the Company are not listed.

Disclosure of certain types of agreements binding listed entities – NA as Part A of Schedule III of Listing regulations is not applicable to the Company.

Matrix setting out the skills/expertise/competence of the board of directors

Leadership

Extended business leadership experience resulting in understanding of organizational and administrative processes and practices, strategic planning and risk management

People Practices

Experience and strengths in developing talent, planning succession, driving change and long-term growth. Understands the drivers leading to behavior change.

Financial Management & Control

Proven expertise in financial management, financial control, capital planning and Accounting with understanding of associated standards and reporting practices

Diversity including gender and occupation

Representation of diversity in terms of gender, geography, culture, occupations that bring varied independent perspectives expanding the Board's understanding of the needs and viewpoints of customers, partners, employees, government, and other stakeholders.

Technology

A significant background in technology including applications, Infrastructure, information security etc resulting in knowledge of how to anticipate technological trends, generate disruptive innovation, and extend or create new business models.

Governance

Service in a public company board with good insights on Governance requirements and practices for Board and management and accountability, protecting shareholder interests.

Sales and Marketing

Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation

Regulatory and compliance

Extended experience and understanding of the regulatory environment operating in the context of the business of financial services including financial risk management

Law

Legal background and experience

Financial Services

Extended experience in a financial services firm enabling a rich understanding of the sector and the context including financial Inclusion practices and strategies

Sustainability

Experience and exposure in understanding sustainability from the business perspective with regard to employees, customers and the larger community including the environment.

Please insert a "✓" against core skills/expertise/competencies as defined below, which each Director identifies that he/she possess.

Name of Director	Mr. V. P. Nandakumar	Mr. Abhijit Sen	Mr. A. Ramanathan	Mr. B. N. Raveendra Babu	Mr. D. R. Dogra	Mr. Gautam Saigal	Mrs. Pushya Sitaraman	Mr. S. K. Mitra	Mr. S. V. Raja Vaidyanathan	Mr. T. Balakrishnan	Mr. T. M. Manoharan	Mr. Harshan Kollara	Ms. Anita Belani
Leadership	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
People Practices	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Control	✓	✓	✓	✓	✓	✓		✓	✓			✓	
Diversity including gender and occupation	✓						✓	✓		✓	✓	✓	✓
Technology		✓		✓				✓	✓				✓
Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sales and Marketing	✓			✓		✓		✓	✓				
Regulatory	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	
Law							✓		✓	✓	✓		✓
Financial Services	✓	✓	✓	✓	✓	✓		✓	✓			✓	
Sustainability	✓			✓					✓	✓	✓		✓

For and on behalf of the Board of Directors

ASIRVAD MICRO FINANCE LIMITED

Sd/-

V. P. Nandakumar

Chairman

DIN: 00044512

Sd/-

B. N. Raveendra Babu

Managing Director

DIN: 00043622

Date: July 06, 2023

Place: Valapad

Annexure-I

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V - Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Asirvad Micro Finance Limited
9th Floor, No. 9,
Club House Road, Anna Salai,
Chennai – 600 002.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Asirvad Micro Finance Limited** (CIN U65923TN2007PLC064550) and having its registered office at 9th Floor, No. 9, Club House Road, Anna Salai, Chennai – 600002 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V- Para C Sub-clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of Appointment/Re-appointment in the Company
1.	Mr. V. P. Nandakumar	00044512	10/02/2015
2.	Mr. B. N. Raveendra Babu	00043622	10/02/2015 / 01/07/2021#
3.	Mr. Abhijit Sen	00002593	17/03/2020
4.	Mr. S. K. Mitra	00029961	17/03/2020 / 01/01/2023*
5.	Mr. T. Balakrishnan	00052922	15/05/2018
6.	Mr. T. M. Manoharan	00225640	15/05/2018
7.	Mr. D. R. Dogra	00226775	09/09/2016 /08/09/2021*
8.	Mr. Gautam Saigal	00640229	18/03/2015
9.	Mr. S. V. Raja Vaidyanathan	01467098	29/08/2007
10.	Mr. Harshan Kollara	01519810	07/08/2021
11.	Mr. A. Ramanathan	02645247	18/03/2015 / 31/07/2020*
12.	Ms. Pushya Sitaraman	06537196	02/02/2019 / 01/02/2022*
13.	Ms. Anita Belani	01532511	13/01/2023

Appointed as Managing Director

*Re-appointed for Second term as Independent Director

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For KSR & Co Company Secretaries LLP

Sd/-

Dr. C. V. Madhusudhanan

Partner

FCS: 5367; CP:4408

UDIN: F005367E000273547

PR No.2635/2022

Date: May 09, 2023

Place: Coimbatore

Annexure-II

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted Code of Conduct for the Directors and senior management personnel. I confirm that the Company has in respect of the year ended March 31, 2023, received from the Senior Management Personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

Date: May 05, 2023
Place: Valapad

Sd/-

B. N. Raveendra Babu
Managing Director
DIN: 00043622

Annexure-III

CEO & CFO CERTIFICATION UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To:

The Board of Directors of Asirvad Micro Finance Limited

We, B.N. Raveendra Babu, Managing Director and Rajesh KRN Namboodiripad, Chief Financial Officer of Asirvad Micro Finance Limited, ("the Company") hereby certify that: -

- (a) We have reviewed financial statements and cash flow statement for the year ended March 31, 2023, and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company for the year ended March 31, 2023, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee
- 1. significant changes, if any, in the internal control over financial reporting during the financial year ended March 31, 2023;
 - 2. significant changes, if any, in the accounting policies during the financial year ended March 31, 2023 and that the same have been disclosed in the notes to the financial statements; and
 - 3. instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Sd/-

B.N. Raveendra Babu
Managing Director
DIN: 00043622

Sd/-

Rajesh KRN Namboodiripad
Chief Financial Officer

Date: May 05, 2023

Place: Valapad

Annexure C

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:

S I. 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	4	3
2	Mr. B N Raveendra Babu	Member, Managing Director	4	4
3	Mr. T Balakrishnan	Member, Independent Director	4	3
4	Mr. D R Dogra	Member, Independent Director	4	4

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/wp-content/uploads/2023/02/CSR-Policy.pdf>

CSR projects approved by the board is available on the Company's website at <https://asirvadmicrofinance.co.in/announcements/>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. - NA.

5. a) Average net profit of the company as per sub-section (5) of section 135: Rs. 119.86 Crores
- b) Two percent of average net profit of the company as per sub-section (5) of section 135 : Rs. 2.40 Crores
- c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Rs. 0.015 Crores
- d) Amount required to be set off for the financial year, if any- Nil
- e) Total CSR obligation for the financial year [(b)+(c)-(d)]. : Rs. 2.41 Crores
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): 2.01 Crores
- (b) Amount spent in Administrative Overheads: Nil
- (c) Amount spent on Impact Assessment, if applicable.- Not Applicable
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: 2.01 Crores

(e) CSR amount spend or unspent for the Financial Year

Total Amount spent for the Financial Year (in Rs.)	Amount Unspent (Rs. in Cr)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
2.01 Crore	0.40 Crores	April 26, 2023	NA	NA	NA

(f) Excess amount for set-off, if any: Not Applicable

SI. No.	Particulars	Amount (in Rs.)
(1)	(2)	(3)
i.	Two percent of average net profit of the company as per sub-section (5) of section 135	
ii.	Total amount spent for the Financial Year	
iii.	Excess amount spent for the Financial Year [(ii)-(i)]	NA
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)]	

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

SI. No.	Preceding Financial Year(s).	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount spent in the Financial Year (in Rs.).	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years. (in Rs.)	Deficiency, if any
					Amount (in Rs.) Date of transfer.		
1.	2021-22	3.14 crores*	1.37 Crores	1.77 Crores	-	1.37 Crores	
2.	2020-21	-		-	-	-	
3.	2019-20	-		-	-	-	
	TOTAL	-		-	-	-	

*Includes Rs. 1.56 Lakhs surplus generated during FY 2022

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

- Yes ✓
- No

If Yes, enter the number of Capital assets created/ acquired: 109

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

S I . No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address
1.	28 Houses constructed / renovated for homeless BPL people Address : Multiple locations across Kerala	NA	01.04.2022 to 31.03.2023	0.46 Crores	NA	Various individual beneficiaries	Multiple locations across Kerala
2.	50 Electric Wheel chair donated to the muscular dystrophy affected people Address : Multiple locations across Kerala	NA	07.03.2023	0.65 Crores	NA	Various individual beneficiaries	Multiple locations across Kerala
3	Infrastructural Development of Manappuram Civil Service Academy Address: Punkunnam Junction, 4 th Floor, Sobha Heights Building Agraharam Road, Thrissur, Kerala 680002	680 002	01.04.2022 to 31.03.2023	0.70 Crores	CSR00004545	Manappuram Foundation	Manappuram Foundation, V/104, Manappuram House, Valapad P O, Thrissur, Kerala – 680 567
4.	15 Four Wheeler Scooters donated to the physically challenged BPL persons for improving their livelihood Address : Multiple locations across Kerala	NA	31.03.2023	0.07 Crores	NA	Various individual beneficiaries	Multiple locations across Kerala
5.	15 incinerator donated for the benefit of the differently abled friendly institutions	686 103	17.02.2023	0.015 Crores	CSR00026132	Haven Changanacherry Lions Charitable Trust	Building No 271 in Ward No. VIII, Changanacherry Municipality, Vazhappally East, Kerala – 686 103

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

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

The amount remaining unspent is pertaining to the ongoing projects and the same have been transferred to CSR unspent account. In certain cases, there were procedural delays in getting permission from statutory authorities to complete the projects which lead to extend the projects more than one year. The amount transferred will be spent within a period of 3 years.

Sd/-

B. N. Raveendra Babu

Managing Director

DIN-00043622

Sd/-

Pushya Sitaraman

Chairperson CSR Committee

DIN-06537196

Date: May 09, 2023

Place: Valapad.

Annexure D SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 read with

Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the Financial Year ended 31st March, 2023

- To,
- The Members,
Asirvad Micro Finance Limited
9th Floor, No. 9,
Club House Road, Anna Salai,
Chennai – 600 002.
- We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Asirvad Micro Finance Limited** (CIN U65923TN2007PLC064550) (hereinafter called "the Company"). Secretarial Audit was conducted for the financial year ended on 31st March, 2023 in a manner that provided us reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.
- On the basis of the above and on our verification of documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of the Audit, we hereby report that in our opinion, the Company has, during the period covered under the Audit as aforesaid, 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.
- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2023 according to the provisions of:
- (i) The Companies Act, 2013 and the Rules made there under.
 - (ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021.
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under.
 - (iv) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under.
 - (v) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI), Overseas Direct Investment (ODI) and External Commercial Borrowing (ECB).
- (vi) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (limited to obligations of the company)
 - (vii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulation 16 to 27 on comply or explain basis).
 - (viii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
 - (ix) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (x) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993.
 - (xi) The Reserve Bank of India Act, 1934
 - (xii) Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016
 - (xiii) Raising Money through Private Placement of Non Convertible Debentures (NCDs) by NBFCs – RBI Guidelines.
 - (xiv) Master Circular – Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015.
 - (xv) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
- We have also examined compliance with the applicable clauses of the following:
- (i) the Secretarial Standards 1 & 2 issued by The Institute of Company Secretaries of India.
 - (ii) Listing Agreement for debt securities entered into with BSE Limited in respect of privately placed non-convertible debentures issued by the Company.
- We further report that**
- The Board of Directors of the Company is duly constituted with the proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes made to the composition of the Board of Directors was duly carried out during the period covered under the Audit.

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

Majority decision is carried through and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in the minutes.

We 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.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- The Company has raised an amount of ₹ 390 Crores (Secured: ₹ 215 Crores and Unsecured: ₹ 175 Crores) by issue of Redeemable Listed Non-Convertible Debentures (NCDs) on private placement basis, in one or more series/ tranches.
- The Company has not raised any debt through a public issue.
- The Company changed its registered office within city limits.
- The Articles of Association of the company has been altered to remove the clause relating to Common Seal.

For KSR & Co Company Secretaries LLP

Sd/-

Dr.C.V.Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: F005367E000273351

PR No.2635/2022

Date: May 09, 2023

Place: Coimbatore

KSR/CBE/A-239/118/2023-24

To

The Members,
Asirvad Micro Finance Limited
9th Floor, No. 9,
Club House Road, Anna Salai,
Chennai – 600 002.

Our Secretarial Audit Report of even date **Asirvad Micro Finance Limited** (CIN U65923TN2007PLC064550) hereinafter called "the Company" is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- We had conducted our audit by examining various records and documents including minutes, registers, certificates and other records received through electronic mode as enabled by the company. We state that we have not done a physical verification of the original documents and records. The management has confirmed that the records provided to us for audit through electronic mode are final, true and correct.
- Further, our audit report is limited to the verification and reporting of the statutory compliances on laws / regulations / guidelines listed in our report and the same pertain to the Financial Year ended on 31st March, 2023.

- We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- 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.

For KSR & Co Company Secretaries LLP

Sd/-

Dr.C.V.Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: F005367E000273351

PR No.2635/2022

Date: May 09, 2023

Place: Coimbatore

Annexure E

ASIRVAD MICRO FINANCE LIMITED NOMINATION & REMUNERATION POLICY

Approval Details:

Approval Date	August 08, 2019
Effective Date	August 08, 2019
Approved by	Board of Directors
Version	Sec-4.0
Policy Owner	Secretarial Department

Review/ Amendment History:

Review/ Amendment Date	August 07, 2021 November 12, 2021 January 31, 2023
Initiated by	Company Secretary
Recommended by	Managing Director, Nomination and Remuneration Committee
Approved by	Board of Directors

Introduction

The Board of Directors of Asirvad Micro Finance Limited (**"the Company"**) has constituted Nomination and Remuneration Committee ("the Committee") pursuant to Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("LODR"), which is a combination of Non- Executive Directors and Independent Directors. The Committee has formulated and recommended to the Board a policy called **"Nomination & Remuneration Policy"** in adherence to Companies Act, 2013, the provisions of LODR and the regulatory framework for Non-Banking Financial Companies (NBFCs) issued by Reserve Bank of India (RBI).

This policy aims to ensure the payment of equitable, competitive remuneration to all Directors, Key Managerial Personnel (KMP), Senior Management and employees of the Company which is based on individual performance, Company's benchmark and Industry practices. It envisions that the synergy of versatile individuals with diversified skillsets at the board level will contribute to bringing the Company into great heights. Therefore, it is important to have a competent and highly professional team of board members who leads us.

Key Principles of the Remuneration Policy

The following are the set of principles that act as guiding factors:

- The remuneration of KMPs and Senior Management shall be aligned with the policy of the Holding Company;
- Minimize complexity and ensure transparency;
- Promote a culture of meritocracy and is linked to key performance and business drivers;
- Reflective of market competitiveness, so as to attract the best talent.

Objective and purpose of the Remuneration Policy

The following are the key objectives of the policy:

- To guide the Board in relation to the appointment and removal of Directors, KMP and Senior Management;
- To evaluate the performance of the members of the Board and provide the necessary report to the Board for further evaluation;
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage;
- To 'Pay for Performance' i.e. the remuneration shall be linked to the performance and to strike the right balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the goals of the Company;
- To ensure compliance and maintain high standards of governance.

Appointment and Removal of Director, KMP and Senior Management Personnel

1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/ her appointment;
- b) A person should possess the adequate qualification, expertise and experience for the position he/ she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient/ satisfactory for the concerned position;

- c) The Company shall not appoint or continue the employment of any person as, Managing Director, Whole Time Director or Manager who has attained the age of seventy years. However, in case of Managing Director, Whole Time Director or Manager, who has attained the age of seventy years his/ her appointment may be made by passing a special resolution;
- d) 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.
- e) The Company shall obtain the declarations in the manner prescribed by RBI as applicable to the Company from time to time from all appointees and review the same.
- f) Assessment of independence & Fit and proper criteria

While considering the appointment of an Independent Director, the Nomination committee and the board shall ensure that the incumbent satisfies the test of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligation and Disclosure Requirements) 2015. The board shall on a continuous basis ensure that the Independent Directors continue to maintain their independence during their tenure on the board.

To achieve the above objectives, the board may obtain proper declarations from the appointee/ Directors at the time of appointment and at such intervals as the board may deem fit.

An independent director shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. Further, the Board shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. There shall be no restriction to directorship on the Boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

- g) In case of appointment of executive Directors, non-executive Directors or Independent Directors, the Nomination committee and the board shall ensure that they meet the fit and proper criteria prescribed by the Reserve Bank of India from time to time and maintains the position during their tenure in office. The Company shall obtain the declarations in the manner prescribed by RBI as applicable to the Company from time to time from all appointees and review the same.

Institutionalised Process and procedure for sourcing (including internal candidates) screening, selection and appointment of KMPs.

Any appointment to the role of Key Managerial Personnel, excluding the position of Managing Director

shall be proposed to the Nomination and Remuneration Committee of the Board after an initial screening and selection by a panel constituting the Managing Director and Head of HR.

Institutionalised Process for sourcing, screening, selection and appointment for whole time Directors (MDs and Eds (if applicable)).

Any appointment to the role of Managing Director/ Executive Director (if applicable) shall be proposed to the Nomination and Remuneration Committee of the Board after an initial screening and selection by a panel constituting of 3 or more Directors as may be decided by the Board, which shall mandatorily include the Chairman of Nomination and Remuneration Committee and Chairman of the Board.

The Nomination Committee shall periodically review the mix of Executive/Non -Executive, Independent/ Non-Independent Directors vis-à-vis the extant regulations. The Committee shall also review the skillsets required for a proposed candidate and the process for sourcing, selection and appointment of Independent / Non -Executive Directors, once a vacancy is identified including impending vacancies based on future retirements.

2. Tenure

a) Managing Director / Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

b) Independent Director:

An Independent Director shall hold office for a term up to maximum five consecutive years on the Board of the Company and will be eligible for re-appointment for another term of maximum five years on the passing of a special resolution by the Company. Independent Directors shall not retire by rotation.

The Chairman/ Managing Director of the Company shall issue and sign the appointment letter of Independent Directors.

3. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said act, rules and regulations.

4. Succession planning for appointment to board and senior management positions.

The board may identify suitable persons to be appointed to the board positions for filling up vacancies.

The vacancies caused by the exit of an Independent Director may be filled by the appointment of an Independent Director. However, if the vacancy does not affect the strength of minimum required Independent Directors, the board may or may not fill the vacancy as it may deem fit.

Suitable candidates may be identified by the Directors from reputable references or from data banks maintained by industry associations, professional bodies or nongovernmental organizations or by inviting applications through any media.

Vacancies in senior positions in the Company may be filled by a system of promotion of existing employees based on appropriate screening procedures set by the Nomination committee from time to time. In the event of no suitable candidate being found fit for promotion, a suitable person from any of the group companies, or from outside may be chosen.

Company may identify critical positions and shall devise a system of proper mentoring to identify officers of the Company to take up the senior positions wherever a vacancy is caused to ensure the business continuity in the best interest of the Company.

Remuneration to the Directors, KMP and Senior Management Personnel

i) Executive Directors and Non- Executive Directors/ Independent Directors

- The remuneration and commission of Executive and Non- Executive Directors/ Independent Directors shall be recommended by the Committee to the Board of Directors and shall be subject to the provisions of Companies Act, 2013.
- The remuneration for Executive Directors shall be arrived at by considering various factors such as qualification, experience, expertise, prevailing remuneration in the industry, future contribution, etc. The elements of the remuneration and limits are applicable as defined in the Companies Act, 2013 and rules/ schedules made thereunder.
- The remuneration of Executive Directors shall be divided into two components i.e. fixed and variable. The fixed component comprises salary, allowances, perquisites, provident fund, gratuity etc. The variable component comprises annual performance pay which may be a fixed amount as decided by the Board. In addition to this, the Executive Director may also be offered and allotted shares under the Employee Stock Option Scheme (ESOS) of the Company.

- At the beginning of each financial year NRC with the approval of the Board shall prescribe KPIs for MD and Executive Directors.
- Any variable pay shall be in compliance with RBI guidelines contained in circular dated April 29, 2022
- The Non-Executive and Independent Directors of the Company would be paid sitting fees within the permissible limits prescribed under the Companies Act, 2013 and rules framed thereunder for attending meetings. The sitting fee shall be decided by the Board from time to time on the recommendation of the Committee.
- In case of profits/inadequate profits/ losses, the Directors may also be paid remuneration by way of Commission as defined in the Companies Act, 2013 read with Schedule V of the said act. The Committee shall recommend to the Board for the payment of Commission to Directors.
- The Board of Directors shall decide the actual amount to be paid to each Non-Executive/ Independent Director based on factors such as meetings attended by the Director, time and effort put in and contribution made by them.
- Independent Directors shall not be entitled to stock options.

ii) KMP and Senior Management

Compensation Policy for KMP and Senior Management is annexed as Annexure A.

Membership & Quorum:

The Committee shall consist of minimum of 3 Non-Executive Directors, majority of them being independent. The quorum of the Committee shall be one-third of its total strength or two members whichever is higher including at least one independent director in attendance.

Chairperson:

1. The Chairperson of the Committee shall be appointed by the Board. In case of absence of Chairperson, the members of the Committee shall elect among them to act as Chairperson;
2. Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairperson of the Committee;
3. Chairperson of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

Frequency of Meetings

The meeting of the Committee shall be held at such regular intervals as may be required but at least once in a year.

POLICY ON DIVERSITY OF BOARD OF DIRECTORS

This policy on diversity is largely framed to address the importance of a diverse Board in harnessing the unique and individual skills and experiences of the members in a way that collectively benefits the organization and business. The basic essence is to provide a framework for leveraging on the differences within the expertise of the Board, offering a broad range of perspectives that are directly relevant to the business. A truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will ensure that the Company retains its competitive advantage.

The Company believes that a diverse Board will amongst others–

- a. Enhance the quality of decisions making and ensure better business performance.
- b. Encourage diversity of perspectives thereby fuel creativity and innovation.
- c. Complement and expand the skills, knowledge and experience of the Board as a whole.
- d. Provide better Corporate Governance.

The board of Directors of the Company should have a fair combination of executive and non-executive Directors with not less than 50 percent being Non-Executive Directors. The Company shall maintain the strength of Independent Directors on its board keeping in mind the regulatory requirements and guidelines on Corporate Governance.

The Company shall appoint Directors keeping in mind an ideal diversity in knowledge or expertise that could add value to the overall performance of the board and of the Company. The desired diversity may be fixed by the Nomination and Remuneration Committee (“the Committee”) based on the nature of business of the Company from time to time. The diversity of the total board may include the following;

Expertise in;

- i. Banking, Finance, Accountancy, Taxation
- ii. Governance, Regulatory background, Law and practice
- iii. Management, Administration
- iv. Engineering, Human resource, Subject of social relevance
- v. IT, Marketing

Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.

All Board appointments will be done on merit, in the context of skills as required for the areas of our business operations, management and also expertise in the fields of regulatory, legal, research, human capital management, strategic planning, marketing and general administration.

The Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions.

Any new member proposed to be inducted in the Board, preferably to be with Corporate Board Experience of at least 3 years in any related customer facing and regulated company.

The Nomination Committee is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions with the prescribed requirements in consultation with the Board.

While all appointments to the Board will continue to be made on merit, the Committee will consider the benefits of diversity (including but not limited to the attributes listed above) in identifying and recommending persons for Board membership, as well as in evaluating the Board and its individual members.

Further, the Committee will ensure that no person is discriminated against on grounds of religion, race, gender, pregnancy, childbirth or related medical conditions, national origin or ancestry, marital status, age, sexual orientation, or any other personal or physical attribute which does not speak to such person’s ability to perform as a Board member.

Accordingly, the Committee shall:

1. assess the appropriate mix of diversity, skills, experience and expertise required on the Board and assess the extent to which the required skills are represented on the Board,
2. make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience and expertise on the Board, and
3. periodically review and report to the Board requirements, if any, in relation to diversity on the Board.

Annexure A

Asirvad Micro Finance Limited Compensation policy

(Applicable for Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs) and Other Employees)

Effective from: This Policy is effective for the financial year 2024 and onwards.

1. Objective of the policy

The policy seeks to achieve the following objectives.

- a) To establish guidelines for remunerating employees fairly and in keeping with Statutes
- b) To determine a level of compensation based on the Company's business outlook, financial position, growth and trends and practices on remuneration prevailing as the best practices in competitive compensation based on fairness and equity
- c) To align reward and recognition mechanism directly to the effort, commitment, performance, dedication, and achievement relating to the Company's operations
- d) To attract, retain, motivate, and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- e) To 'Pay for Performance' i.e., the compensation shall be linked to the performance and to strike the right balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the goals of the company.
- f) To ensure compliances and maintain high standards to governance. In the context of the aforesaid, the following policy has been formulated

2. Scope of the policy

This Policy is applicable to all Key Managerial Personnel

(KMPs) including Wholetime Directors and other members of the Key Managerial Personnel, Senior Management personnel (SMPs) of the Company (hereinafter together referred to as "Covered Employees").

3. Definition(s)

3.1. "Key Managerial Personnel" (KMP) as defined in section 2(51) of the Companies Act, 2013("the Act") means:

- (i) the Chief Executive Officer or the Managing Director.
- (ii) the Company Secretary.
- (iii) the Whole-time Director.

(iv) the Chief Financial Officer.

(v) such other officer, not more than one level below the CEO who is in whole time employment, and designated as Key Managerial Personnel by the Board: and

(vi) such other officer as may be prescribed.

3.2. "Senior Management" shall mean officers/personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer."

3.3. Nomination and Remuneration Committee ("NRC") shall mean a committee of the Board having the constitution, powers, functions, and duties as laid down in section 178 of the Companies Act, 2013, applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, RBI Guidelines and other applicable legal provisions.

3.4. A "malus" arrangement shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration.

3.5. A "clawback" arrangement shall mean a contractual agreement between the Covered Employees and the Company in which the Covered employee agrees to return previously paid or vested remuneration to the Company under certain circumstances or empowers the Company to recover previously paid or vested remuneration by the company under certain circumstances.

3.6. "Retention period" shall mean a period of time after the vesting of instruments which have been awarded as deferred compensation during which they cannot be sold or accessed.

4. Underlying Principles for the policy

The policy is prepared based on certain specific principles in the context of our operations as detailed below.

- To align the compensation with the long-term interests of the Company and its shareholders.

- To be transparent as far as possible simultaneously ensuring less complexity.
- Align the parameters to annual business performance of the company.
- To ensure meritocracy and is linked to key performance and business drivers.
- Reflective of market competitiveness so as to attract the best talent.

5. Compensation Structure

The broad structure of compensation payable to Covered Employees shall be as under:

5.1 Fixed Pay which has components like basic salary and other allowances as per the grade and position fixed by the Company based on the scale and position of the employee in the company in accordance with the HR policy in force and may include benefits such as company provided car, medical & dental benefit, loans, insurance benefits, vehicle fuel and maintenance expenses, club membership, mobile instruments, etc., as per the Policy of the Company. Retirals such as PF, Gratuity & contribution towards pension fund. Joining / sign-on bonus for new KMP / Senior management hiring may not be part of fixed pay.

5.2 Variable Pay (wherever applicable) will be:

- Annual component - based on individual performance against the Key Performance Indicators (KPIs) agreed and also to include the overall company performance. If variable pay is applicable to any employee, the KPIs will be set by the NRC in respect of Wholetime Directors. KPIs in respect of KMPs and SMPs other than whole time Directors who are subject to variable pay shall be fixed by MD & CEO in consultation with NRC
- Deferred compensation – in the form of Long-Term benefits in cash or otherwise as decided by the Management.

6. Role of NRC:

- NRC shall be responsible for framing, review, modifying and implementation of this Policy, subject to the approval of the Board of the Company.
- NRC shall recommend to the Board, all remuneration, in whatever form, payable to KMPs and Designated Senior management personnel (SMPs).
- NRC shall ensure that related RBI Guidelines pertaining to the composition and

d) proportion of fixed and variable pay shall be adhered to while determining the compensation of the KMPs and SMPs, including but not limited to the following conditions:

- The compensation shall achieve a fine balance between the attractiveness for the concerned employee on one hand and profitability & capital adequacy of the Company on the other hand.
- For all reimbursements, which are part of the fixed pay, there should be a monetary limit specified in the internal grade-wise policies of the Company.
- Proportion of variable pay vis a vis fixed pay shall be dependent on the level of the employee, roles they carry.
- NRC shall also determine representative set of situations for invoking the malus / claw back arrangements.

7. Malus Clause/ Clawback:

- Any deferred compensation will be subject to malus/clawback.
- arrangements in the event of occurring of agreed events during the period for which the conditions will be applicable. Such conditions may be fixed by the NRC in consultation with the Board.
- he terms of appointment of KMPs, and Senior Management of the Company shall contain suitable clause on malus/clawback, as recommended by the NRC and approved by the Board.

8. Approval and Amendments

- The Board may, subject to applicable laws, amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the policy entirely with a new policy, based on the recommendation(s) of NRC, from time to time.
- Statutory/ regulatory provisions and any amendments thereon, made from time to time shall be binding on the Company and will be complied even if not specifically incorporated in this Policy.

9. Limitation

In the event of any conflict between the provisions of this Policy, SEBI Listing Regulations/ the Act, and rules thereunder, RBI Guidelines or any other statutory enactments, the SEBI Listing Regulations /the Act, and rules thereunder, RBI Guidelines or any other statutory enactments shall prevail over this Policy.

Annexure F

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	2,42,500 Options (Outstanding as on April 01, 2022)
Options vested	-
Options exercised	-
The total no. of shares arising as a result of exercise of option.	-
Option lapsed	1,50,000 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	92,500 (Outstanding as on March 31, 2023)

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. | Nil |
| 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 |

For and on behalf of the Board of Directors

ASIRVAD MICRO FINANCE LIMITED

Sd/-

V. P. Nandakumar

Chairman

DIN: 00044512

Sd/-

B. N. Raveendra Babu

Managing Director

DIN: 00043622

Date: July 06, 2023

Place: Valapad

Annexure G

A. CONSERVATION OF ENERGY**i. The steps taken or impact on conservation of energy**

Asirvad is committed to reduce carbon emission from environment and conserve energy. Asirvad distributes/ facilitates/promotes products like solar lantern, improved cook stoves and inverter bulb. Asirvad has partnered with Microenergy Credits (MEC) to be part of the Global Clean & Renewable Energy program under UNFCCC.

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

Asirvad is committed to utilise and support utilising alternate sources of energy. Adoption of clean energy is perceived to be prohibitive to most household. MEC works by partnering with Micro Finance Institutions and NBFCs which already serve low income and rural households. Asirvad has partnered with MEC to provide training, technical and operational assistance to help MFI customers adopt and increase usage of energy efficient and well as alternate sources of energy.

iii. The capital investment on energy conservation equipment

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.

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.

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

- the details of technology imported
- the year of import
- whether the technology been fully absorbed
- 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

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

Description	Nature	Currency	Amount in INR
Interest	Outgo	EUR and USD	19,51,25,916
Hedging Cost	Outgo	EUR and USD	14,18,31,637
Micro Energy Credit	Earnings	USD	84,02,217

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

Sd/-
V. P. Nandakumar
Chairman
DIN: 00044512

Sd/-
B. N. Raveendra Babu
Managing Director
DIN: 00043622

Date: July 06, 2023
Place: Valapad

Annexure H

CERTIFICATE ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members,
Asirvad Micro Finance Limited
9th Floor, No. 9,
Club House Road, Anna Salai,
Chennai – 600 002.

We have examined documents, books, papers, minutes, forms and returns filed and other records maintained by the Company and all the relevant records for certifying the compliance of conditions of Corporate Governance by **Asirvad Micro Finance Limited (CIN U65923TN2007PLC064550)** (the Company) for the year ended 31st March, 2023, as stipulated in Regulation 34 (3) read with Para E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

Management's Responsibility

The compliance of conditions of Corporate Governance (in respect of Regulation 16 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015) is the responsibility of the management. The management along with the Board of Directors are responsible in implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

Our Responsibility

Our examination was limited to implementation of the conditions thereof and adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance under Regulation 16 to 27 of the Securities Exchange and Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion

In our opinion and on the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the conditions of Corporate Governance as specified in regulations 17 to 27 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

This certificate 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.

For KSR & Co Company Secretaries LLP

Sd/-

Dr.C.V.Madhusudhanan

Partner

(FCS: 5367; CP: 4408)

UDIN: F005367E000273558

PR No.2635/2022

Date: May 09, 2023

Place: Coimbatore

Annexure- I REMUNERATION DETAILS

1. THE NAMES OF THE TOP TEN EMPLOYEES IN TERMS OF REMUNERATION DRAWN

Employee Name	Designation	Nature of Employment	Age	Date of joining (Asirvad)	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 22-23
BN Raveendra Babu	Managing Director	Full Time	71	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	1,28,70,000*
Adinadh K R	Chief Digital Officer	Full Time	37	01-06-2020	PH. D	MACOM -Vice President -IT	Nil	Yes	40,00,166
Joshy K G	Senior General Manager	Full Time	44	10-03-2022	Chartered Accountant	Manappuram Finance Limited -General Manager	Nil	No	33,29,146
Rajesh K R N Nambodiripad	Senior General Manager	Full Time	46	01-12-2021	Chartered Accountant	Manappuram Finance Limited -General Manager	Nil	No	30,69,744
Ritesh Kumar Singh	General Manager	Full Time	40	11-09-2019	MBA	Midland Microfin Ltd - Avp	Nil	No	29,19,494
Mukul Verma N	General Manager	Full Time	54	03-10-2018	BA	Bhartiya Samruddhi Finance Ltd - Avp	Nil	No	28,00,950
Thangappan V	General Manager	Full Time	48	19-11-2008	B.Com	Mahasemam Microfinance -Area Manager	Nil	No	27,22,000
Ravindra Goud	Chief Operating Officer	Full Time	51	06-01-2020	M.B.A (Finance)	Origo Finance-Vp	Nil	No	26,10,041
Umasankar S	Senior General Manager	Full Time	57	15-11-2021	M.Com	Manappuram Finance Limited -General Manager	Nil	No	24,79,922
Muthukumar S	General Manager	Full Time	52	15-02-2010	M.C. A	Bharti Airtel Ltd -Senior Executive Finance	Nil	No	23,82,491

*The amount detailed in the above table for Mr. B N Raveendra Babu only related to Salary. Commission and other benefits are detailed in Corporate Governance Report.

2. EMPLOYEES EMPLOYED THOROUGHOUT THE FINANCIAL YEAR AND DRAWING A REMUNERATION OF 1.02 CRORE OR ABOVE PER ANNUM:

Employee Name	Designation
BN Raveendra Babu	Managing Director

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 22-23*
B N Raveendra Babu	Managing Director	Appointed by Board for a term of Five years till 30 th May, 2026	71	01-Jun-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	1,28,70,000

*The amount detailed in the above table only related to Salary. Commission and other benefits are detailed in Corporate Governance Report.

3. 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

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 22-23
Nil									

4. If employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.- NA

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

Sd/-
V. P. Nandakumar
 Chairman
 DIN: 00044512

Sd/-
B. N. Raveendra Babu
 Managing Director
 DIN: 00043622

Date: July 06, 2023
 Place: Valapad

FINANCIAL STATEMENTS

Independent Auditors' Report

To Members of Asirvad Micro Finance Limited.

Report on the Audit of the Standalone Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Sr. Key Audit Matter No.	Auditor's Response
<ul style="list-style-type: none"> Consideration of probability scenarios and forward looking macro-economic factors <p>ECL requires a large variety of data such as historical data, macro-economic & state specific variables as an input to the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>In view of the criticality of the item to the Financial Statements, complex nature of assumptions, interpretations of RBI regulations & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.</p>	<ul style="list-style-type: none"> Performed an assessment of the ECL provision at each stage to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. Tested the arithmetical accuracy of the computations made by the Company Perused the disclosures in the financial statements in respect of ECL and specific disclosures made in adherence with RBI guidelines related to COVID-19 packages. We have also obtained management representations wherever considered necessary.
<p>2. Information Technology ('IT') Systems and IT General Control ('ITGC') impacting financial reporting</p> <p>The Company operates in a complex IT environment that involves substantial reliance on its IT systems which are extensively used in the operations of the Company for processing and recording voluminous data impacting key financial data including loans, interest income, repayment collections data and impairment of financial instruments. These IT systems are also extensively used in the financial reporting process.</p> <p>Adequate IT General Controls, application controls and access controls are required to ensure that such IT systems are able to process the data to ensure data consistency, accuracy and reliability especially for financial reporting.</p> <p>Also, certain manual adjustments were required to be made to re-classify balances from control account to sub ledgers, post entries manually in fixed asset module which added to the complexity.</p> <p>We have identified 'Information Technology ('IT') Systems and IT General Control ('ITGC') impacting financial reporting as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture including its extensive use in the financial reporting process. Our audit outcome is dependent on the effective functioning of such IT systems.</p>	<p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> Obtained an understanding of the IT infrastructure and IT systems relevant to the Company's financial reporting process for evaluation and tested relevant IT general controls and IT application controls. Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis. Tested the automated computation processed by the IT system that includes computation of interest income. We have placed reliance on audit report issued by the independent third-party auditor as appointed by the Company for review of Information Security and IT General Control. We have also obtained management representations wherever considered necessary.

Emphasis of Matter

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

Our opinion is not modified in respect of this matter.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure, and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable.
- As required by Section 143(3) of the Act, we report that:
 - 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.
 - 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;
 - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
 - In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
 - On the basis of the written representations received from the directors as at March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
 - With respect to the adequacy of internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - the Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements – Refer Note 41 to the Standalone Financial Statements as at March 31, 2023;
 - the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023;
 - There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023; and
 - The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the standalone financial statements (Refer Note 61 to the Standalone Financial Statements), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts (Refer Note 61 to the Standalone Financial Statements), no funds have been received by the Company

- from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- e) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors)

Rules, 2014 is not applicable for the financial year ended March 31, 2023.

- f) The Company has neither declared any dividend nor paid any dividend during the year.
4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

For M. P. Chitale & Co

Chartered Accountants
ICAI Firm Registration No.: 101851W

Sanat Ulhas Chitale

Partner
ICAI Membership No.: 143700
UDIN: 23143700BGXAWX1281

Date: May 09, 2023
Place: Valapad

Annexure A

to the Independent Auditors' Report – March 31, 2023

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

(i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment including intangible assets.

(b) In our opinion, the Company's program of physically verifying Property, Plant and Equipment once in three years, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, the physical verification of Property, Plant and Equipment were physically verified by the Company during the previous year. We were informed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment or intangible assets during the year.

(e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or pending against the Company as at March 31, 2023, for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is in the business of providing micro finance loans and Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) (a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions based on the security of current assets. According to the information and explanations given to us and the records examined by us, the quarterly returns or statements were not required to be filed by the Company during the year as these working capital

limits utilised were against liquid securities placed with such banks or financial institutions.

(iii) (a) Since the Company is in business of providing micro finance loans, the reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The investments made, guarantees provided, security given and loans and advances granted in our opinion, prima facie, are not prejudicial to the interest of the Company.

(c) The Company is principally engaged in the business of providing loans. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 2,41,564 cases having loan outstanding balance at year end aggregating to ₹ 17,931.36 Lakhs wherein the repayments of principal and interest are not regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemized list of loan assets where repayment of principal and interest have not been regular.

(d) In respect of loans granted by the Company, the total amount overdue for more than 90 days as at the balance sheet date are as under;

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

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

(e) Since the Company is in business of providing micro finance loans, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment.

(iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

- (v) According to the information and explanations given to us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting on clause 3 (vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amount payable was outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues as mentioned in sub clause vii(a) above which have not been deposited with the appropriate authorities on account of any dispute except as mentioned below:

Details of dues of Income Tax, which have not been deposited as at March 31, 2023, on account of dispute are given below:

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

- (viii) According to the information and explanations given to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income in the tax assessments made during the year under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.
- (c) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised, other than funds temporarily placed in Bank accounts and Bank Fixed Deposits aggregating to ₹ 15,600 lakhs, pending utilization of funds as per respective sanction terms.
- (d) On an overall examination of the Standalone Financial Statements of the Company, no funds raised on short-term basis have been, prima facie, used for long term purposes during the year by the Company.
- (e) The Company does not have subsidiary, associate or joint venture Company, accordingly, reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have subsidiary, associate, or joint venture, accordingly, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has not raised any money by way of an initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) According to information and explanation given to us, and on the basis of examination of the books and records of the Company, we have come across instances of frauds on the Company amounting to ₹ 1,015.60 Lakhs (Aggregate amount), which have been noticed and reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and

Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

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

(xviii) There has not been any resignation of the statutory auditors of the Company during the year hence reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, aging and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) Other than ongoing projects, there are no unspent amounts towards Corporate Social Responsibility ("CSR") to be transferred to a Fund specified in Schedule VII to the Companies Act, 2013 within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.

(b) In respect of ongoing projects, the Company has transferred unspent CSR amounts as at the end of the current financial year, to a Special account within a period of 30 days from the end of the current financial year in compliance with the provision of section 135(6) of the Act.

(xxi) Based on information and explanations given to us, the Company is not required to prepare consolidated financial statements as per section 129(3) of the Companies Act 2013. Accordingly reporting under clause 3(xxi) of the Order is not applicable to the Company.

For M. P. Chitale & Co

Chartered Accountants

ICAI Firm Registration No.: 101851W

Sanat Ulhas Chitale

Partner

ICAI Membership No.: 143700

UDIN: 23143700BGXAWX1281

Date: May 09, 2023

Place: Valapad

Annexure B

to the Independent Auditors' Report – March 31, 2023

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Standalone Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control with reference to Standalone Financial Statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For M. P. Chitale & Co

Chartered Accountants

ICAI Firm Registration No.: 101851W

Sanat Ulhas Chitale

Partner

ICAI Membership No.: 143700

UDIN: 23143700BGXAWX1281

Date: May 09, 2023

Place: Valapad

Balance Sheet

as on March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I Assets			
1 Financial assets			
(a) Cash and cash equivalents	5	56,663.05	79,430.46
(b) Bank balance other than (a) above	6	32,426.99	12,392.06
(c) Loans	7	866,889.56	542,855.32
(d) Loans given to staff	7(b)	20.12	5.14
(e) Investments	8	20,365.47	10,713.50
(f) Derivative financial instruments	14	2,772.47	274.10
(g) Other financial assets	9	10,898.15	10,891.38
		990,035.81	656,561.96
2 Non-financial Assets			
(a) Current tax assets (net)	10	3,451.84	3,512.64
(b) Deferred tax assets (net)	11 (a)	6,507.21	9,273.55
(c) Investment property	12	8.64	8.64
(d) Property, plant and equipment	12	7,011.91	3,423.03
(e) Right of use asset	12	9,362.96	7,396.46
(f) Other intangible assets	12	670.05	142.04
(g) Intangible assets under development	12	-	94.18
(h) Other non financial assets	13	1,278.18	1,137.83
		28,290.79	24,988.37
Total Assets		1,018,326.60	681,550.33
II Liabilities and equity			
1 Financial liabilities			
(a) Derivative financial instruments	14	-	-
(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		967.67	2,688.28
(c) Debt securities	16	115,847.95	138,543.44
(d) Borrowings (other than debt securities)	17	687,360.56	385,412.34
(e) Subordinated liabilities	18	39,401.05	31,920.38
(f) Other financial liabilities	19	17,413.04	12,679.69
		860,990.27	571,244.13
2 Non-financial liabilities			
(a) Current tax liabilities (net)	20 (a)	-	-
(b) Provisions	20 (b)	1,048.00	1,497.57
(c) Other non-financial liabilities	21	1,900.17	1,420.86
		2,948.17	2,918.43
3 Equity			
(a) Equity share capital	22	6,264.02	5,331.19
(b) Other equity	23	148,124.14	102,056.58
		154,388.16	107,387.77
Total Liabilities and Equity		1,018,326.60	681,550.33

Notes 1 to 66 form an integral part of the financial statements

This is the balance sheet referred to in our report of even date

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

Sanat Ulhas Chitale
 Partner
 ICAI Membership Number: 143700

Date: May 09, 2023
 Place: Valapad

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

V P Nandakumar
 Chairman
 (DIN No.00044512)

Rajesh KRN Namboodiripad
 Chief Financial Officer

Date: May 09, 2023
 Place: Valapad

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

Aparna Menon
 Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2023
(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2023	Year ended March 31, 2022
I Revenue from operations			
Interest income	24 (a)	154,523.78	119,303.12
Net Gain on derecognition of financial instruments under amortised cost category	24 (b)	10,369.52	11,697.22
Dividend income	24 (c)	-	1,118.80
Other operating income	25	6,626.23	4,669.82
		171,519.53	136,788.96
II Other income	26	4,408.11	4,400.01
III Total income (I + II)		175,927.64	141,188.97
IV Expenses			
Finance cost	27	62,984.76	57,136.57
Impairment of financial instruments, Amortisation of assets & Loss on derecognition of financial assets	28	27,368.43	40,682.24
Employee benefit expenses	29	39,684.96	26,868.91
Depreciation and amortisation expense	30	3,397.14	3,523.43
Other expenses	31	11,420.73	10,872.65
Total expenses (IV)		144,856.02	139,083.80
V Profit before exceptional items and tax (III - IV)		31,071.62	2,105.17
VI Exceptional items		-	-
VII Profit before tax (V - VI)		31,071.62	2,105.17
VIII Tax expense			
(1) Current tax	11 (b)	6,318.30	1,956.12
(2) Deferred tax	11 (b)	2,703.35	(1,103.02)
(3) Tax relating to earlier years	11 (b)	236.88	(273.61)
		9,258.53	579.49
IX Profit for the year (VII - VIII)		21,813.09	1,525.68
X Other comprehensive income	23		
A (i) Items that will not be reclassified to profit or loss:			
a. Remeasurement gains and (losses) on defined benefit obligations (net)		(49.66)	155.76
b. Fair value changes on derivatives designated as cash flow hedge (net)		299.97	290.44
(ii) Income tax relating to items that will not be reclassified to profit or loss		(63.00)	(112.30)
Subtotal (A)		187.31	333.90
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)		187.31	333.90
XI Total comprehensive income for the year (IX + X)		22,000.40	1,859.58
XII Earnings per equity share of ₹ 10 each	33		
- Basic (₹)		34.82	2.86
- Diluted (₹)		34.82	2.86

Notes 1 to 66 form an integral part of the financial statements

This is the statement of profit and loss referred to in our report of even date

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

Sanat Ulhas Chitale
Partner
ICAI Membership Number: 143700

Date: May 09, 2023
Place: Valapad

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

V P Nandakumar
Chairman
(DIN No.00044512)

Rajesh KRN Namboodiripad
Chief Financial Officer

Date: May 09, 2023
Place: Valapad

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

Aparna Menon
Company Secretary

Statement of Cash Flow

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A Cash flow from operating activities		
Profit before tax	31,071.62	2,105.17
Adjustments for:		
Depreciation and amortisation expense	3,397.14	3,523.43
Impairment of financial instruments Amortisation of assets & Loss on derecognition of financial assets	5,787.94	40,682.23
Provision for insurance claim receivable	(176.24)	339.47
Loss/(Profit) on sale of fixed assets (net)	-	-
Dividend income	-	(1,118.80)
Finance cost	62,984.76	57,136.57
Interest on deposits	(4,093.29)	(1,925.67)
Share based payments to employees	-	(15.30)
Operating profit before working capital changes	98,971.93	100,727.11
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Loans	(361,897.03)	(102,799.38)
Loans given to staff	(14.98)	71.38
Other financial assets	169.47	(5,882.91)
Other non financial assets	(140.35)	(361.60)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(1,720.61)	241.06
Other financial liabilities	1,083.01	(1,083.22)
Other non financial liabilities	479.31	(2,019.53)
Other provisions	(499.23)	146.58
Net cash flow generated / (used in) operations	(263,568.48)	(10,960.51)
Net Income tax paid	(6,433.03)	(4,062.18)
Net cash generated / (used in) in operating activities (A)	(270,001.51)	(15,022.69)
B Cash flow from investing activities		
Proceeds from sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(4,562.18)	(4,912.35)
Purchase of other intangible assets	(667.24)	(317.10)
Net movement in bank deposits	(19,741.83)	6,438.58
Dividend received	-	1,118.80
Investments	(9,651.97)	(10,708.50)
Interest income on deposits	3,800.18	1,817.02
Net cash flow generated / (used in) from investing activities (B)	(30,823.04)	(6,563.55)

Statement of Cash Flow

 for the year ended March 31, 2023
 (All amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
C Cash flow from financing activities		
Increase in Share Capital	932.84	-
Increase in Security Premium	24,067.16	-
Proceeds from long term borrowings - term loans	534,276.00	338,167.00
Repayment of long term borrowings - term loans	(239,346.00)	(273,763.08)
Interest paid on term loans	(40,529.09)	(33,739.57)
Proceeds from long term borrowings - debentures	39,000.00	89,300.00
Repayment of long term borrowings - debentures	(60,567.30)	(59,315.59)
Interest paid on debentures	(13,113.33)	(16,829.10)
Interest paid on securitisation	-	(84.88)
Repayment of securitisation borrowings	(224.90)	(6,845.87)
Proceeds from short term borrowings - commercial paper	34,695.67	-
Other interest and charges paid	(1,133.89)	(719.07)
Net cash flow generated / (used in) from financing activities (C)	278,057.14	36,169.83
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(22,767.41)	14,583.59
Cash and cash equivalents at the beginning of the period	79,430.46	64,846.87
Cash and cash equivalents at the end of the period	56,663.05	79,430.46
Cash and cash equivalents as per above comprise of the following		
(a) Cash on hand	3,196.83	2,268.64
(b) Balances with banks (of the nature of cash and cash equivalents)	53,466.22	77,161.82
Balance as per statement of cash flow	56,663.05	79,430.46

Notes 1 to 66 form an integral part of the financial statements

This is the statement of cash flow referred to in our report of even date

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

Sanat Ulhas Chitale
Partner
ICAI Membership Number: 143700

Date: May 09, 2023
Place: Valapad

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

V P Nandakumar
Chairman
(DIN No.00044512)

Rajesh KRN Namboodiripad
Chief Financial Officer

Date: May 09, 2023
Place: Valapad

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

Aparna Menon
Company Secretary

Statement of Changes in Equity

for the year ended March 31, 2023
 (All amounts in ₹ lakhs unless otherwise stated)

A. Equity Share Capital

(1) For the Year Ended March 31, 2023

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

(2) For the Year Ended March 31, 2022

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

B. Other Equity

(1) For the Year Ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Reserves and Surplus					Other Comprehensive Income				Total
	Securities Premium	Statutory Reserve	Capital redemption reserve	Contribution from Holding Company	General Reserve	Retained Earnings	Remeasurement Gain/Loss on Defined Benefit Obligation	Effective portion of Cash flow hedge	Tax related to items that will not be reclassified	
Balance at the beginning of the current reporting period(As at April 01,2022)	55,810.89	10,025.56	500.00	-	35.93	35,237.31	6.68	355.39	(97.62)	101,874.14
Changes in accounting policy or prior period errors	-	36.49	-	-	-	145.95	-	-	-	182.44
Restated balance at the beginning of the current reporting period	55,810.89	10,062.05	500.00	-	35.93	35,383.26	6.68	355.39	(97.62)	102,056.59
Total Comprehensive Income for the current year	-	-	-	-	-	21,813.09	(49.66)	299.97	(63.00)	22,000.40
Issue of share capital - Right Issue	24,067.16	-	-	-	-	-	-	-	-	24,067.16
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer To/From	-	4,362.62	-	-	-	(4,362.62)	-	-	-	0.00
Reversal During the Year	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period(As at March 31,2023)	79,878.05	14,424.67	500.00	-	35.93	52,833.73	(42.98)	655.36	(160.62)	148,124.14

Statement of Changes in Equity

 for the year ended March 31, 2023
(All amounts in ₹ lakhs unless otherwise stated)

(2) For the Year Ended March 31, 2022

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Reserves and Surplus						Other Comprehensive Income			Total
	Securities Premium	Statutory Reserve	Capital redemption reserve	Contribution from Holding Company	General Reserve	Retained Earnings	Remeasurement Gain/Loss on Defined Benefit Obligation	Effective portion of Cash flow hedge	Tax related to items that will not be reclassified	
Balance at the beginning of the current reporting period (As at April 01, 2021)	55,810.89	9,756.91	500.00	15.30	35.93	34,162.72	(149.08)	64.95	14.68	100,212.30
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	55,810.89	9,756.91	500.00	15.30	35.93	34,162.72	(149.08)	64.95	14.68	100,212.30
Total Comprehensive Income for the current year	-	-	-	-	-	1,525.68	155.76	290.44	(112.30)	1,859.58
Dividends	-	-	-	-	-	-	-	-	-	-
Transfer To/From	-	305.14	-	-	-	(305.14)	-	-	-	-
Reversal During the Year	-	-	-	(15.30)	-	-	-	-	-	(15.30)
Balance at the end of the current reporting period (As at March 31, 2022)	55,810.89	10,062.05	500.00	-	35.93	35,383.26	6.68	355.39	(97.62)	102,056.58

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

Notes 1 to 66 form an integral part of the financial statements

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

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

Sanat Ulhas Chitale
Partner
ICAI Membership Number: 143700

Date: May 09, 2023
Place: Valapad

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

V P Nandakumar
Chairman
(DIN No.00044512)

Rajesh KRN Namboodiripad
Chief Financial Officer

Date: May 09, 2023
Place: Valapad

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

Aparna Menon
Company Secretary

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(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 October 04,2013.

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

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

2 Basis of preparation

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

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

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

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

(ii) Historical cost convention

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

(iii) Critical accounting estimates and judgements

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

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

Business model assessment

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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.

Provisions

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

Useful lives of depreciable/ amortisable assets

Management reviews its estimate of the useful lives of depreciable/ amortisable assets at each reporting date,

based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of asset.

3 Summary of significant accounting policies

(a) Property, plant and equipment

Initial recognition and measurement

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

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

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

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

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

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

De-recognition

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is de-recognised.

(b) Investment Property

Initial recognition and measurement

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

De-recognition

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

(c) Intangible assets

Initial recognition and measurement

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

Subsequent measurement (Amortisation, useful lives and residual value)

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

Intangible assets under development

Intangible assets under development represents expenditure incurred in respect of intangible assets under development and are carried at cost.

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

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

(d) Revenue recognition

Interest and processing fee income on loans

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

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

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

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

Income from assignment transactions

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

recognised on carrying value of assets over the remaining period of such assets.

Referral income

Income from cross sale services is recognized on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

Interest on fixed deposits

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

Dividend income

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

Miscellaneous income

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

(e) Finance cost

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

(f) Taxation

Current income tax

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

Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax

bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

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

(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.

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

(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 12 months' expected credit loss (12mECL).

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

Loan assets

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

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

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

Other financial assets

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

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

Write off

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

(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.

(k) Provisions, contingent assets and contingent liabilities

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

Contingent liability is disclosed for:

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

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

(l) Leases

The Company as a lessee

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

- the contract involves the use of an identified asset
- the Company has 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

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(All amounts in ₹ lakhs unless otherwise stated)

months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

(m) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Classification and Subsequent measurement

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

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

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

(i) Financial asset carried at amortised cost

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

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

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

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

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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.

Classification and Subsequent measurement

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

Derecognition

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

Offsetting of financial instruments

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

(n) Derivative financial instruments

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

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(All amounts in ₹ lakhs unless otherwise stated)

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

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

(o) Earnings per share

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

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

(p) Segment reporting

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

(q) Government grants

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

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

(r) Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have

been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency

Transactions and balances

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

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

(s) Securitisation and direct assignment

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

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

(t) Statement of cash flows

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

4 Events after reporting date

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

5 Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents		
(a) Cash on hand	3,196.83	2,268.64
(b) Balances with banks		
- In current accounts	39,711.45	23,860.52
- In deposit accounts - not covered under lien	13,754.77	53,301.30
	56,663.05	79,430.46

5.1

	As at March 31, 2023	As at March 31, 2022
Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 cash flow statements	56,663.05	79,430.46

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

	As at March 31, 2023	As at March 31, 2022
Balances with Banks		
- In Deposit Accounts - under lien (Refer note 6.1 below)	32,426.99	12,392.06
	32,426.99	12,392.06

6.1 Deposit accounts under lien comprise of:

Deposits (excluding accrued interest) amounting to ₹ 30,143.82 lakhs (As at March 31, 2022 ₹ 11,631.70 lakhs) have been placed with certain banks for obtaining term loans.

Deposits (excluding accrued interest) ₹ 2,283.17 Lakhs (As at March 31, 2022 : Nil) are placed as credit enhancement (cash collateral) towards PTC transactions.

7(a) Loans (at amortised cost)

	As at March 31, 2023	As at March 31, 2022
Term loans	892,044.47	578,229.65
Less : Impairment loss allowance	25,154.91	35,374.33
Total	866,889.56	542,855.32
(i) Secured		
Loans	74,262.26	34,929.86
Less : Impairment loss allowance	381.03	221.94
Sub Total	73,881.23	34,707.92
(ii) Unsecured		
Loans	817,782.20	543,299.79
Less : Impairment loss allowance	24,773.87	35,152.39
Sub Total	793,008.33	508,147.40
Grand Total	866,889.56	542,855.32

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

7(b) Loans given to staff (at amortised cost)

	As at March 31, 2023	As at March 31, 2022
Loans to Staff	20.12	5.14
	20.12	5.14

7.1 Particulars

	As at March 31, 2023	As at March 31, 2022
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:	105,541.63	121,256.10

7.2 Particulars

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

As at March 31, 2023

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109*	Net Carrying amount	Provisions required as per IRACP norms	Difference between IND AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	
Performing assets						
Standard	Stage 1	847,040.49	7,995.61	839,044.88	3,454.44	4,541.17
	Stage 2	18,120.41	1,610.86	16,509.55	73.38	1,537.48
Non Performing Assets (NPA)						-
Substandard	Stage 3	26,092.14	15,124.95	10,967.19	5,764.98	9,359.97
Doubtful						
Up to one year	Stage 3	713.92	377.16	336.76	545.86	-168.70
1 to three year	Stage 3	23.14	13.52	9.62	19.48	-5.96
More than three year	Stage 3	54.37	32.80	21.57	54.37	-21.57
Subtotal for doubtful		791.43	423.48	367.95	619.71	-196.23
Total	Stage 1	847,040.49	7,995.61	839,044.88	3,454.44	4,541.17
	Stage 2	18,120.41	1,610.86	16,509.55	73.38	1,537.48
	Stage 3	26,883.57	15,548.44	11,335.13	6,384.69	9,163.75
Total		892,044.47	25,154.91	866,889.56	9,912.51	15,242.40

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

As at March 31, 2022

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)	
Performing assets						
Standard	Stage 1	502,773.92	7,393.48	495,380.44	6,400.38	-993.10
	Stage 2	64,628.77	19,108.77	45,520.00	646.29	-18,462.48
Non Performing Assets (NPA)						
Substandard	Stage 3	10,721.83	8,786.27	1,935.57	165.32	-8,620.94
Doubtful						
Up to one year	Stage 3	38.48	20.09	18.39	26.82	6.72
1 to three year	Stage 3	32.47	31.54	0.93	32.47	0.93
More than three year	Stage 3	34.18	34.181	-	34.18	-
Subtotal for doubtful		105.13	85.81	19.31	93.46	7.65
Total	Stage 1	502,773.92	7,393.48	495,380.44	6,400.38	-993.10
	Stage 2	64,628.77	19,108.77	45,520.00	646.29	-18,462.48
	Stage 3	10,826.96	8,872.08	1,954.88	258.79	-8,613.29
Total		578,229.65	35,374.33	542,855.32	7,305.46	-28,068.88

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

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

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

(A) As at March 31, 2023

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: Above 90 days
i. Loans considered as Qualifying Assets	754,845.18	17,440.48	25,559.47
ii. Loans considered as Non Qualifying Assets	92,195.32	679.93	1,324.10
Gross Carrying Amount of Loans	847,040.50	18,120.41	26,883.57
Less : Impairment loss allowance *	7,995.61	1,610.86	15,548.44
Net Loans	839,044.88	16,509.55	11,335.13

(B) As at March 31, 2022

Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: Above 90 days
i. Loans considered as Qualifying Assets	453,019.10	62,681.50	10,295.86
ii. Loans considered as Non Qualifying Assets	49,754.81	1,947.27	531.11
Gross Carrying Amount of Loans	502,773.91	64,628.77	10,826.96
Less : Impairment loss allowance *	7,393.48	19,108.77	8,872.08
Net Loans	495,380.43	45,520.00	1,954.88

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

7.4 Reconciliation of impairment allowance on Loans

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

	As at March 31, 2023	As at March 31, 2022
(i) No of SPVs sponsored by the NBFC for securitisation transactions (count)		
a. Through Direct assignment	28	22
b. Through PTC	3	-
Total	31	22
(ii) Total amount of securitised assets as per books of the SPVs Sponsored		
a. Through Direct assignment	105,541.63	121,256.10
b. Through Pass through Certificates	43,041.45	-
Total	148,583.08	121,256.10
(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	11,953.65	14,733.58
Others	-	-
a. Pass through Certificates	-	-
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 securitizations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

7.6 Details of Financial Assets sold to Securitisation Company

	As at March 31, 2023	As at March 31, 2022
Total number of loan assets securitized during the year		
a. Through Direct assignment	381,103.00	492,020.00
b. Through PTC	137,956.00	-
	519,059.00	492,020.00
Book value of loan assets securitized during the year		
a. Through Direct assignment	125,725.33	141,548.43
b. Through PTC	52,189.86	-
	177,915.19	141,548.43
Sale consideration received during the year		
a. Through Direct assignment	113,153.55	125,923.67
b. Through PTC	45,175.58	-
	158,329.13	125,923.67
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised		
a. Through Direct assignment	12,571.78	15,624.76
b. Through PTC	7,014.28	-
	19,586.06	15,624.76

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for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Gain / (loss) on the securitization transaction recognised in P&L		
Through PTC & Direct assignment	10,369.52	11,697.22
Gain / (loss) on the securitization transactions deferred		
Through PTC & Direct assignment	-	-
	10,369.52	11,697.22
Quantum of Credit Enhancement provided on the transactions in the form of deposits		
a. Through Direct assignment	-	-
b. Through PTC	-	-
Quantum of Credit Enhancement as at year end		
a. Through Direct assignment	-	-
b. Through PTC	-	-
Interest spread Recognised in the Statement of Profit and Loss during the Year		
a. Through Direct assignment	10,369.52	11,697.22
b. Through PTC	-	-
	10,369.52	11,697.22

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

8 Investments

	As at March 31, 2023	As at March 31, 2022
Investments at fair value through other comprehensive income	-	-
Outside India		
In India		
(i) Unquoted Equity instruments	5.00	5.00
(ii) Investment in Government Securities	10,855.75	10,708.50
Sub Total	10,860.75	10,713.50
Investments at fair value through Profit or Loss		
Outside India		
In India		
(i) Investment in Security Receipts	9,504.72	-
Sub Total	9,504.72	-
Gross Total	20,365.47	10,713.50
Less : Allowance for impairment loss	-	-
Total	20,365.47	10,713.50

9 Other financial assets

	As at March 31, 2023	As at March 31, 2022
(a) Security deposits	983.42	630.85
(b) Retained interest on asset assigned	4,640.16	7,415.54
(c) Others	5,274.57	2,844.99
	10,898.15	10,891.38

10 Current tax assets (net)

	As at March 31, 2023	As at March 31, 2022
Advance income tax	3,451.84	3,512.64
	3,451.84	3,512.64

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

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for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

11 (a) Deferred tax assets (net)

	As at March 31, 2023	As at March 31, 2022
Deferred tax assets (net)	6,507.21	9,273.55
	6,507.21	9,273.55

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

11 (b) Current tax and deferred tax

(i) Income tax expense

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

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

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

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

(iii) Income tax on other comprehensive income

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	For the Year Ended March 31, 2023			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	635.51	(490.07)	-	145.44
Provision for employee benefits	793.97	(128.79)	12.50	677.68
Provision for loan receivables	8,815.86	(2,917.49)	-	5,438.59
Provision for fraud insurance claim receivable	179.36	103.07	-	282.43
Effective interest rate on borrowings	78.98	6.41	-	85.39
Present value discounting of security deposit and documentation fee	570.64	177.97	-	748.61
Effect of implementation of Ind AS 116	134.72	196.26	-	330.98
Effect of Restatement of Financial statement		(230.14)		230.14
Effective interest rate on DA and PTC loans	(1,866.49)	579.03	-	(1,287.46)
Gain / loss on hedge valuation	(69.00)	-	(75.50)	(144.59)
Total	9,273.55	(2,703.75)	(63.00)	6,507.21

Particulars	For the Year Ended March 31, 2022			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	318.75	316.76	-	635.51
Provision for employee benefits	634.94	198.23	(39.20)	793.97
Provision for loan receivables	8,245.22	570.64	-	8,815.86
Provision for fraud insurance claim receivable	158.52	20.84	-	179.36
Effective interest rate on borrowings	(28.28)	107.26	-	78.98
Present value discounting of security deposit and documentation fee	509.92	60.72	-	570.64
Effect of implementation of Ind AS 116	29.91	104.81	-	134.72
Effective interest rate on DA and PTC loans	(1,569.79)	(296.70)	-	(1,866.49)
Gain / loss on hedge valuation	(16.35)	-	(73.10)	(69.00)
Total	8,282.84	1,082.56	(112.30)	9,273.55

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	Property, plant and equipment									
	Investment Property - Land	Computers	Furnitures & Fixtures	Leasehold Improvements	Office Equipments	Vehicles	Total	Right of use asset	Other intangible assets- Softwares	Intangible assets under development
Gross block										
As at March 31, 2021	8.64	2,072.76	570.65	185.49	268.96	82.26	3,180.11	1,132.42	533.80	54.50
Additions		954.75	2,285.60	0.49	1,671.51	-	4,912.35	7,453.39	277.42	39.68
Disposals										
As at March 31, 2022	8.64	3,027.51	2,856.25	185.98	1,940.47	82.26	8,092.46	8,585.80	811.22	94.18
Additions		1,368.00	1,548.76	219.67	1,425.76	-	4,562.18	4,250.90	667.24	
Disposals										(94.18)
As at March 31, 2023	8.64	4,395.51	4,405.01	405.65	3,366.23	82.26	12,654.64	12,836.70	1,478.46	-
Accumulated depreciation/amortisation:										
As at March 31, 2021	-	1,721.97	332.04	176.24	208.80	53.44	2,492.49	237.94	274.11	-
Depreciation/ Amortisation expense	-	765.12	784.98	8.84	607.67	10.33	2,176.95	951.41	395.07	
Eliminated on Disposal of Assets										
Depreciation Adjustments										
As at March 31, 2022	-	2,487.09	1,117.03	185.08	816.47	63.77	4,669.43	1,189.35	669.18	-
*Depreciation/ Amortisation expense	-	417.45	250.94	24.55	275.39	4.98	973.31	2,284.39	139.44	
Eliminated on Disposal of Assets										
Depreciation Adjustments										
As at March 31, 2023	-	2,904.54	1,367.96	209.63	1,091.87	68.75	5,642.74	3,473.74	808.62	-
Net block										
As at March 31, 2022	8.64	540.42	1,739.22	0.90	1,123.99	18.49	3,423.04	7,396.46	142.04	94.18
As at March 31, 2023	8.64	1,490.97	3,037.05	196.02	2,274.36	13.51	7,011.91	9,362.96	670.05	-

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

13 Other non financial assets

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

14 Derivative financial instruments (Also, refer note 42.14)

	As at March 31, 2023	As at March 31, 2022
Currency derivatives		
Interest rate swap	(2,772.47)	(274.10)
	(2,772.47)	(274.10)

15 Other payables

	As at March 31, 2023	As at March 31, 2022
(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 (Also, refer note no 54 for trade payables ageing)	967.67	2,688.28
	967.67	2,688.28

There are no dues payable as at March 31, 2023 and March 31, 2022 to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

16 Debt securities (At amortised cost)

	As at March 31, 2023	As at March 31, 2022
(a) Redeemable non-convertible debentures		
- Secured	107,075.54	83,293.44
- Unsecured	8,772.41	55,250.00
(b) Commercial papers (Unsecured) (Refer Note 17.3)	-	-
	115,847.95	138,543.44
(i) Debt securities in India	115,847.95	138,543.44
(ii) Debt securities outside India	-	-
	115,847.95	138,543.44

Also, refer note 17.4

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

	As at March 31, 2023	As at March 31, 2022
(a) Secured		
- Term loan from banks	568,464.74	319,349.65
- Term loan from NBFCs	25,773.90	27,354.63
- Other financial institutions	34,463.03	35,108.06
	628,701.67	381,812.34
(b) Unsecured	15,789.87	3,600.00
(c) Borrowings under securitisation arrangement	42,869.02	-
	687,360.56	385,412.34
Borrowings in India	654,824.52	353,255.72
Borrowings outside India	32,536.04	32,156.62
	687,360.56	385,412.34

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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)

	As at March 31, 2023	As at March 31, 2022
(a) Deposits with Banks & Others	32,426.99	12,392.06
(b) Deposits with NBFCs	-	-
	32,426.99	12,392.06

17.2 Details of cash credit from bank - Secured

(a) The cash credit facility is secured by hypothecation of Microfinance Loans

(b) The Company has not defaulted in the repayment of dues to Banks and NBFC's.

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

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

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

17.3

(i) Details of commercial paper - Unsecured

Repayment Terms	Tenor (Days)	Interest Rate	March 31, 2023	March 31, 2022
Repayable on Demand		0.00%	-	-

(ii) Details of commercial paper issued/repaid during the current year ended March 31, 2023

Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction
SBI Mutual Fund (Repaid)	52	7.75%	23/08/2022
SBI Mutual Fund (Repaid)	56	7.75%	23/08/2022
SBI Mutual Fund (Repaid)	57	8.65%	31/10/2022
NORTHERN ARC MONEY MARKET ALPHA TRUST (Repaid)	90	8.65%	23/11/2022

Details of commercial paper issued/repaid during the current year ended March 31, 2022

Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction
-	-	-	-

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

17.4 Details of terms of repayment- Debentures and subordinated liabilities

ISIN No	Type of NCD	No. of Debentures As at		Face value (Amounts in ₹)	Interest rate	Due date of redemption	Closing balance As at	
		March 31, 2023	March 31, 2022				March 31, 2023	March 31, 2022
INE516Q08166	Sub Debt	-	500	1,000,000	13.00%	30-Jun-22	-	5,000.00
INE516Q08158	Sub Debt	150	150	1,000,000	12.42%	28-Jun-23	1,500.00	1,500.00
INE516Q08182	Sub Debt	-	350	1,000,000	13.00%	15-Jul-22	-	3,500.00
INE516Q08174	Sub Debt	-	150	1,000,000	13.00%	15-Jul-22	-	1,500.00
INE516Q08331	Sub Debt	10,000	10,000	100,000	11.90%	26-Jun-26	10,000.00	10,000.00
INE516Q08372	Sub Debt	5,000	5,000	100,000	13.50%	31-Dec-27	5,000.00	5,000.00
INE516Q08380	Sub Debt	550	550	1,000,000	13.50%	31-May-27	5,500.00	5,500.00
INE516Q08398	Sub Debt	100	-	10,000,000	11.25%	03-Oct-28	10,000.00	-
INE516Q08406	Sub Debt	50	-	10,000,000	11.25%	25-Nov-28	5,000.00	-
INE516Q08414	Sub Debt	2,500	-	100,000	11.25%	31-Mar-29	2,500.00	-
INE516Q07226	Other Than Sub Debt	-	1,000	1,000,000	12.30%	09-Aug-23	-	500.00
INE516Q08281	Other Than Sub Debt	50,000	50,000	10,000	11.63%	30-May-24	5,000.00	5,000.00
INE516Q07267	Other Than Sub Debt	-	250	1,000,000	12.00%	27-Jun-22	-	2,500.00
INE516Q07275	Other Than Sub Debt	-	700	1,000,000	12.48%	09-Mar-25	-	7,000.00
INE516Q07283	Other Than Sub Debt	750	750	1,000,000	10.50%	28-Apr-23	7,500.00	7,500.00
INE516Q07291	Other Than Sub Debt	450	450	1,000,000	11.00%	29-May-23	4,500.00	4,500.00
INE516Q07309	Other Than Sub Debt	500	500	166,666	11.25%	21-Apr-23	833.33	2,500.00
INE516Q07317	Other Than Sub Debt	850	850	1,000,000	11.00%	26-Jun-23	8,500.00	8,500.00
INE516Q07341	Other Than Sub Debt	-	1,500	1,000,000	8.60%	19-May-22	-	3,750.00
INE516Q07358	Other Than Sub Debt	-	1,000	1,000,000	9.00%	14-Jun-22	-	10,000.00
INE516Q07366	Other Than Sub Debt	-	750	1,000,000	8.40%	30-Jun-22	-	7,500.00
INE516Q08307	Other Than Sub Debt	-	7,500	100,000	11.10%	05-Feb-23	-	3,750.00
INE516Q08323	Other Than Sub Debt	-	500	1,000,000	10.50%	08-Mar-23	-	5,000.00
INE516Q07382	Other Than Sub Debt	500	500	880,000	9.22%	30-Mar-25	4,400.00	4,700.00
INE516Q08356	Other Than Sub Debt	350	500	666,666	11.40%	31-Dec-24	2,333.33	3,500.00
INE516Q07390	Other Than Sub Debt	606	1,000	1,000,000	9.65%	13-Jul-23	6,060.00	6,280.00
INE516Q07408	Other Than Sub Debt	1,726	2,500	1,000,000	9.71%	29-Jan-24	17,260.00	19,460.00
INE516Q07416	Other Than Sub Debt	730	730	1,000,000	11.05%	27-Feb-25	7,300.00	7,300.00
INE516Q08364	Other Than Sub Debt	450	450	333,333	10.00%	23-Feb-24	1,500.00	3,500.00
INE516Q07424	Other Than Sub Debt	1,450	1,450	1,000,000	11.05%	15-Sep-26	14,500.00	14,500.00
INE516Q07432	Other Than Sub Debt	750	750	1,000,000	9.70%	09-May-24	7,500.00	7,500.00
INE516Q07440	Other Than Sub Debt	1,000	-	1,000,000	9.60%	12-Sep-24	10,000.00	-
INE516Q07457	Other Than Sub Debt	1,150	-	1,000,000	8.50%	28-Sep-24	11,500.00	-
							148,186.67	166,740.00

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

17.5 Details of terms of repayment- term loans from banks and others As at March 31, 2023

Tenure	Repayment	Interest Range	Due with in 1 year		Due within 1 to 2 year		Due within 2 to 3 year		Due within 3 to 4 years		Due within 4 to 5 years		Above 5 years	
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount
1 to 3 year	Bullet	9%-11%	10.00	37,445.00	-	-	-	-	-	-	-	-	-	-
	Half Yearly	9%-11%	4.00	5,375.00	-	-	-	-	-	-	-	-	-	-
	Monthly	5%-7%	-	-	24.00	11,612.84	-	-	-	-	-	-	-	-
		7%-9%	16.00	3,354.35	20.00	3,333.33	-	-	-	-	-	-	-	-
		9%-11%	57.00	17,756.53	278.00	90,735.32	189.00	64,637.99	-	-	-	-	-	-
Above 3 years	Quarterly	11%-13.5%	13.00	5,714.29	-	-	29.00	19,334.00	-	-	-	-	-	-
		7%-9%	-	-	18.00	24,682.93	-	-	-	-	-	-	-	-
		9%-11%	7.00	6,325.00	102.00	103,658.33	42.00	48,045.45	-	-	-	-	-	-
		11%-13.5%	2.00	444.00	10.00	11,100.00	-	-	-	-	-	-	-	-
		7%-9%	-	-	36.00	6,250.00	-	-	-	-	-	-	-	-
Above 3 years	Quarterly	9%-11%	-	-	54.00	6,287.64	63.00	32,291.67	-	-	-	-	-	-
		11%-13.5%	-	-	56.00	10,140.96	-	-	-	-	-	-	-	-
		7%-9%	-	-	-	-	30.00	25,605.33	-	-	-	-	-	-
		9%-11%	-	-	16.00	10,902.73	-	-	32.00	18,800.00	36.00	39,915.00	-	-
		11%-13.5%	-	-	-	-	-	-	-	-	20.00	30,000.00	-	-

As at March 31, 2022

Tenure	Repayment	Interest Range	Due with in 1 year		Due within 1 to 2 year		Due within 2 to 3 year		Due within 3 to 4 years		Due within 4 to 5 years		Above 5 years	
			No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount	No. of Installments	Amount
1 to 3 year	Bullet	10%-11%	8.00	800.00	6.00	13,820.00	2.00	2,000.00	-	-	-	-	-	-
		8%-9%	2.00	7,500.00	-	-	-	-	-	-	-	-	-	-
		9%-10%	2.00	-	1.00	8,625.00	-	-	-	-	-	-	-	-
	Half Yearly	10%-11%	1.00	6,250.00	-	-	-	-	-	-	-	-	-	-
		9%-10%	2.00	-	-	-	-	-	-	-	-	-	-	-
Above 3 years	Monthly	10%-11%	51.00	13,383.38	28.00	3,600.00	8.00	1,366.67	-	-	-	-	-	
		7%-8%	41.00	5,794.09	31.00	4,295.45	10.00	-	-	-	-	-	-	
		8%-9%	184.00	42,619.82	72.00	17,610.72	24.00	6,886.86	-	-	-	-	-	
		9%-10%	245.00	77,017.12	86.00	22,791.03	13.00	2,021.00	-	-	-	-	-	
	Quarterly	10%-11%	2.00	333.33	-	-	-	-	-	-	-	-	-	
Above 3 years	Half Yearly	11%-12%	2.00	327.27	-	-	-	-	-	-	-	-	-	
		7%-8%	4.00	3,636.36	4.00	3,636.36	1.00	909.09	-	-	-	-	-	
		8%-9%	12.00	4,545.45	4.00	3,636.36	4.00	3,636.36	-	-	-	-	-	
		9%-10%	28.00	19,093.79	11.00	8,129.37	-	-	-	-	-	-	-	
	Yearly	11%-12%	1.00	946.65	1.00	946.65	1.00	946.70	-	-	-	-	-	
Above 3 years	Half Yearly	10%-11%	4.00	700.00	-	-	-	-	-	-	-	-	-	
		11%-12%	8.00	7,244.00	8.00	7,319.00	4.00	4,225.00	-	-	-	-	-	
		10%-11%	14.00	1,078.29	12.00	1,032.66	5.00	467.96	-	-	-	-	-	
		9%-10%	15.00	5,888.89	16.00	-	4.00	-	-	-	-	-	-	
	Quarterly	10%-11%	4.00	-	4.00	2,223.00	4.00	2,223.00	4.00	2,223.00	4.00	2,223.00	4.00	2,223.00
	9%-10%	18.00	19,267.92	16.00	18,466.67	15.00	14,050.00	12.00	4,800.00	4.00	3,200.00	-	-	

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

17.6 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities (including subordinated liabilities)	Borrowings (other than debt)	Commercial Paper	Total
April 01, 2021	143,382.37	319,334.54	-	462,716.92
Proceeds	89,300.00	338,167.00	-	427,467.00
Repayment	-59,315.59	-280,608.95	-	-339,924.54
Interest expense	17,937.43	37,893.16	-	55,830.59
Interest paid	-16,829.10	-33,824.45	-	-50,653.56
Fair Value Changes	-	-290.44	-	-290.44
March 31, 2022	174,475.11	380,670.85	-	555,145.96
Proceeds	39,000.00	534,276.00	34,695.67	607,971.67
Repayment	-60,567.30	-239,346.00	-34,695.67	-334,608.97
Interest expense	16,871.05	40,710.20	476.45	58,057.70
Interest & Transaction cost paid	-13,113.33	-40,753.99	-476.45	-54,343.77
Fair Value Changes	-	-	-	-
March 31, 2023	156,665.52	675,557.06	-0.00	832,222.58

18 Subordinated liabilities

	As at March 31, 2023	As at March 31, 2022
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt (At Amortised Cost)	39,401.05	31,920.38
	39,401.05	31,920.38

19 Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
(a) Interest payable on assets assigned	3,696.82	3,189.01
(b) Lease liabilities (Also, refer note 34)	10,345.64	7,626.96
(c) Other payables	3,370.58	1,863.72
	17,413.04	12,679.69

20 (a) Current tax liabilities (net)

	As at March 31, 2023	As at March 31, 2022
Provision for taxation (net)	-	-
	-	-

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

	As at March 31, 2023	As at March 31, 2022
(a) Provision for compensated absences	466.49	850.75
(b) Provision for gratuity	581.51	646.82
	1,048.00	1,497.57

21 Other non financial liabilities

	As at March 31, 2023	As at March 31, 2022
(a) Statutory dues payable	1,316.45	837.14
(b) Other payables	583.72	583.72
	1,900.17	1,420.86

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

22 Equity share capital

For each class of equity share capital:		No of equity share	Amount (Equity share)	Remarks
(a)	the number and amount of shares authorized;	90,000,000	9,000.00	1,000,000 Cumulative redeemable non-convertible preference shares of ₹100/- each
(b)	the number of shares issued, subscribed and fully paid, and subscribed but not fully paid;	62,640,245	6,264.02	
(c)	par value per share;	10		
(d)	a reconciliation of the number of shares outstanding at the beginning and at the end of the period;	Details given in Note 1		
(e)	the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;	NA		There are only one class as Equity share. The Company has only one class of equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.
(f)	shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate;	61,138,729	6,113.87	As on March 31, 2023 Holding company Manappuram Finance Limited (Details given as Note 2)
(g)	shares in the company held by each shareholder holding more than five percent shares specifying the number of shares held;	61,138,729	6,113.87	As on March 31, 2023 Holding company Manappuram Finance Limited (Details given as Note 2)
(h)	shares reserved for issue under options and contracts/commitments for the sale of shares or disinvestment, including the terms and amounts;	NA		-
(i)	For the period of five years immediately preceding the date at which the Balance Sheet is prepared:			-

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

For each class of equity share capital:	No of equity share (Equity share)	Amount	Remarks
• Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash;	NA	-	
• Aggregate number and class of shares allotted as fully paid up by way of bonus shares; and	NA	-	
• Aggregate number and class of shares bought back;	NA	-	
(j) terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date;	NA	-	
(k) calls unpaid (showing aggregate value of calls unpaid by Directors and officers);	NA	-	
(l) forfeited shares (amount originally paid up)	NA	-	
(m) An NBFC shall disclose information that enables users of its financial statements to evaluate the NBFC's objectives, policies and processes for managing capital.	NA	-	

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

Shares held by promoters at the end of the year			% Change during the year***
Promoter name	No. of Shares**	% of total shares	
S V Raja Vaidyanathan	1,060,000	1.69%	-0.23%
Manappuram Finance Limited	61,138,729	97.60%	0.09%

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

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

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

Note 1

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

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No. of shares*	Amount	No. of shares*	Amount
At the beginning of the period/year	53,311,887	5,331.19	53,311,887	5,331.19
Issued during the year	9,328,358	932.83	-	-
Outstanding at the end of the period/year	62,640,245	6,264.02	53,311,887	5,331.19

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Note 2

Class of shares / Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No of shares held*	% holding in the class of shares	No of shares held*	% holding in the class of shares
Equity Shares of ₹ 10 each Manappuram Finance Limited (the Holding Company)	61,138,729	97.60%	51,985,856	97.51%

* No. of shares are in absolute numbers

Note 3 Terms / Rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

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

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

23 Other equity

	As at March 31, 2023	As at March 31, 2022
(a) Capital redemption reserve	500.00	500.00
(b) ESOS Contribution from Holding Company	-	-
(c) Statutory reserve	14,424.67	10,062.05
(d) Securities premium account	79,878.05	55,810.89
(e) General reserve	35.93	35.93
(f) Surplus in statement of profit and loss	52,833.73	35,383.26
(g) Remeasurement Gain/Loss On Defined Benefit Obligation	(42.98)	6.68
(h) OCI(Effective portion of cash flow hedge)	655.36	355.39
(i) OCI(Tax related to items that will not be reclassified)	(160.62)	(97.62)
	148,124.14	102,056.58

(a) Capital redemption reserve

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

(b) ESOS Contribution from Holding Company

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

(c) Statutory reserve

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

(d) Securities Premium Account

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

(e) General reserve

General reserve represents an appropriation of profits by the Company.

(f) Surplus in statement of profit and loss

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

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

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

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

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

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

Represents tax related to items that will not be reclassified.

	As at March 31, 2023	As at March 31, 2022
(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	-	15.30
Add : (Reversal)/contribution during the year	-	(15.30)
Less : Utilised during the year	-	-
Closing balance	-	-
(c) Statutory reserve		
Opening balance	10,062.05	9,756.91
Add: Additions during the year (Also, refer note no 50)	4,362.62	305.14
Less: Utilised / transferred during the year	-	-
Closing balance	14,424.67	10,062.05
(d) Securities premium account		
Opening balance	55,810.89	55,810.89
Add : Premium on shares issued during the year	24,067.16	-
Less : Utilised during the year	-	-
Closing balance	79,878.05	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	35,383.26	34,162.72
Add: Profit for the year	21,813.09	1,525.68
Add: Restatement Impact	-	-

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
Less: Transfer to Statutory Reserve	(4,362.62)	(305.14)
Closing balance	52,833.73	35,383.26
(g) Remeasurement Gain/Loss On Defined Benefit Obligation		
Opening balance	6.68	(149.08)
Less: Effect for the year	(49.66)	155.76
Less: Transfer to Statutory Reserve	-	-
Closing balance	(42.98)	6.68
(h) OCI (Effective portion of cash flow hedge)		
Opening balance	355.39	64.95
Less: Effect for the year	299.97	290.44
Closing balance	655.36	355.39
(i) OCI (Tax related to items that will not be reclassified)		
Opening balance	(97.62)	14.68
Less: Effect for the year	(63.00)	(112.30)
Closing balance	(160.62)	(97.62)
Total	148,124.14	102,056.58

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

24 (a) Interest income

	As at March 31, 2023	As at March 31, 2022
(i) Interest income from loan:		
- Interest on loan- microfinance loans	139,569.50	114,385.37
- Interest on loan- MSME loans	10,860.99	2,992.08
(ii) Interest on deposits with banks and financial institutions	4,093.29	1,925.67
(iii) Other interest income	-	-
	154,523.78	119,303.12

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

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

	As at March 31, 2023	As at March 31, 2022
Net gain on derecognition of financial instruments under amortised cost category	10,369.52	11,697.22
	10,369.52	11,697.22

24 (c) Dividend income

	As at March 31, 2023	As at March 31, 2022
Dividend income from mutual funds	-	1,118.80
	-	1,118.80

25 Other operating income

	As at March 31, 2023	As at March 31, 2022
Loss assets recovered	6,626.23	4,669.82
	6,626.23	4,669.82

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

26 Other income

	As at March 31, 2023	As at March 31, 2022
(a) Referral fees	4,052.00	4,261.80
(b) Miscellaneous income	356.11	138.21
	4,408.11	4,400.01

27 Finance cost

	As at March 31, 2023	As at March 31, 2022
(a) Interest on borrowings		
- Term Loans from banks	36,711.50	32,055.21
- Term Loans from NBFCs	3,669.91	2,157.28
- Borrowings under securitisation arrangement	224.90	84.88
- Other financial institutions	1,893.44	3,595.78
- Commercial paper	479.00	-
- Overdraft	334.83	-
(b) Interest on debt securities		
- Debentures & subordinated liabilities	17,340.40	17,937.43
(c) Other interest expense		
- Interest on finance lease obligations	1,196.89	586.91
(d) Other Borrowing Costs		
- Loan processing fees	575.41	136.89
- Bank charges	558.48	582.18
	62,984.76	57,136.57

28 Impairment of financial instruments, Amortisation of assets & Loss on derecognition of financial assets

	Year ended March 31, 2023	Year ended March 31, 2022
Loans (Also, refer note 7.4 and 42.8)	27,368.43	40,682.24
	27,368.43	40,682.24
Less : Exceptional item	-	-
	27,368.43	40,682.24

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

29 Employee benefit expenses

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Salaries and wages	35,110.52	23,801.27
(b) Contributions to provident and other funds	3,816.16	629.02
(c) Gratuity expenses (Also, refer note 35)	693.58	640.54
(d) Staff welfare expenses	64.70	1,798.08
	39,684.96	26,868.91

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

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Depreciation of tangible assets	973.31	2,176.95
(b) Amortization of other intangible assets	139.44	395.07
(c) Amortization of right of use asset	2,284.39	951.41
	3,397.14	3,523.43

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

31 Other expenses

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Electricity	319.54	170.34
(b) Rent (Also, refer note 34)	184.71	884.65
(c) Repairs and maintenance	178.01	79.30
(d) Insurance	359.27	495.41
(e) Rates and taxes	170.95	132.06
(f) Communication expenses	927.66	644.96
(g) Travel and conveyance	4,635.71	3,190.83
(h) Printing and stationery	305.01	350.49
(i) Directors' sitting fees	51.27	55.10
(j) Business promotion	418.81	204.52
(k) CSR expenses (Also, refer note 48)	239.73	365.53
(l) Legal and professional fees	782.88	688.54
(m) Provision for insurance claim receivable	(176.24)	339.47
(n) Subscription charges	30.70	247.07
(o) Software costs (Also, refer note 36)	1,432.27	1,759.41
(p) Security charges	(1.95)	10.80
(q) House keeping expenses	206.84	338.23
(r) Office expenses	229.49	89.78
(s) Directors commission (Also, refer note 36)	120.00	138.00
(t) Loss on sale of property, plant & equipment	-	-
(u) Payments to statutory auditors' (net of input tax credit)		
- Statutory audit	21.50	16.00
- Tax audit	1.50	1.50
- Other services (Limited Review, Interim Audit and Certification)	16.35	9.50
- Out of pocket expenses	27.70	2.43
(v) Miscellaneous expenses	939.02	658.73
	11,420.73	10,872.65

32 Segment reporting

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

33 Earnings per share

Basic and Diluted earnings per share :

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

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Net Profit attributable to Equity Shareholders - ₹ in lakhs (Basic and Diluted)	21,813.09	1,525.68
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos.)	62,640,245	53,311,887
(c) Earnings per share - Basic and Diluted - ₹ (Per equity share, face value ₹10/- each)	34.82	2.86

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

34 Leases

	Year ended March 31, 2023	Year ended March 31, 2022
Details of Income/Expense recognised in the statement of Profit and Loss :		
Depreciation expense on right-of-use assets	2,284.39	951.41
Interest expense on lease liabilities	1,196.89	586.91
Total cash outflow for leases	2,567.95	1,113.84
Lease expense on Low Value Assets / Short term assets (refer note 31)	184.71	884.65
	6,233.94	3,536.81

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

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

35 Employee benefits

35.1 Defined contribution plan

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

(b) Expenses recognised

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

35.2 Compensated absences

Expenses recognised

	Year ended March 31, 2023	Year ended March 31, 2022
Included under salaries and wages (Refer Note 29)		
	29.02	277.73
	29.02	277.73

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

35.3 Defined benefit plans:

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

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

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

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

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

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

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

	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	777.84	899.11
expenses recognised in profit and loss account		
- Expected return on plan assets	80.78	55.29
Remeasurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions	414.13	(177.83)
Contributions by employer (including benefit payments recoverable)	782.50	-
Benefit payments	(411.58)	(159.89)
Effect of transfer of employees from Holding Company	230.26	161.16
Fair value of plan assets at the end of the year	1,873.93	777.84

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

	As at March 31, 2023	As at March 31, 2022
Investment funds with insurance company (Life Insurance Corporation of India)	1,873.93	777.84
expenses recognised in profit and loss account		

- (i) The plan assets comprise insurer managed funds. None of the assets carry a quoted market price in active market or represent the entity's own transferable financial instruments or property occupied by the entity.
- (ii) The actual return on plan asset for the year ended March 31, 2023 was ₹494.91 Lakhs (For the year ended March 31, 2022: ₹ 177.83 Lakhs).

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.10%	6.53%
Expected rate of salary increase	10.00%	10.00%
Withdrawal Rate		24.00%
	(i) below 35 Years	35.00%
	(ii) above 35 Years	20.00%
Mortality		
Pre Retirement Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Post Retirement Mortality Rate	LIC Ann (1996-98)	LIC Ann (1996-98)

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

1. The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.
2. The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.
3. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund (maintained by the Life Insurance Corporation ("LIC")) and is well diversified.

Risks associated with plan provisions

Investment risk:

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

Interest risk:

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

Longevity risk:

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

Salary risk:

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

Sensitivity analysis:

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

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

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

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

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

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

Experience Adjustments

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

36 Related party transactions

36.1 Names of related parties and nature of relationship

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

36.2 Transactions with the related parties

Nature	Name of the party	Year Ended March 31, 2023	Year Ended March 31, 2022	
Remuneration to KMP	Mr. S V Raja Vaidyanathan	-	295.14	
	Mr. BN Raveendra Babu	128.70	120.30	
	Mr. Yogesh Ratnakar Udhoji	17.33	72.51	
	Mrs. Aparna Menon	16.50	15.03	
	Mr. Rajesh KRN Namboodiripad	30.70	-	
Donation	Manappuram Foundation	379.85	149.89	
Business Associate service	Manappuram Finance Limited	-	1.79	
Rent & other amenities	Manappuram Finance Limited	12.49	8.86	
	Proficient Investment And Financial Consultancy Pvt Ltd	2.39	4.77	
Rent receivable	Manappuram Finance Limited	2.44	-	
Training expenses	Manappuram Finance Limited	74.52	69.02	
Interest Expense	Vivriti Capital Private Limited	89.19	-	
	Manappuram Finance Limited	761.03	-	
Purchase of software	Manappuram Comptech and Consultants Limited	425.16	281.71	
Software expense	Manappuram Comptech and Consultants Limited	1,167.14	1,127.02	
Staff welfare expenses	Adlux Medcity And Convention Centre P Ltd	-	1.56	
Staff welfare expenses	Manappuram Health care Limited	-	0.58	
Staff welfare expenses	Manappuram Foundation	-	0.02	
Sitting fees	Mr. A Ramanathan	4.97	6.12	
	Mr. Abhijit Sen	5.83	6.02	
	Mr. D.R. Dogra	5.53	5.89	
	Mr. Gautam Saigal	5.40	6.27	
	Ms. Pushya Sitaraman	3.87	4.24	
	Mr. Subrata Kumar Atindra Mitra	2.88	3.57	
	Mr. T. Balakrishnan	5.32	5.77	
	Mr. T.M. Manoharan	1.16	3.44	
	Mr. Harshan Kollara	4.30	3.16	
	Ms. Anita Belani	0.60	-	
	Mr. S V Raja Vaidyanathan	7.28	6.07	
	Commission	Mr. A Ramanathan	11.10	10.00
		Mr. D.R. Dogra	15.45	15.00
Mr. Subrata Kumar Atindra Mitra		16.30	16.00	
Mr. Abhijit Sen		11.20	10.00	
Mr. Gautam Saigal		13.73	13.00	
Ms. Pushya Sitaraman		13.73	13.00	
Mr. T. Balakrishnan		13.73	13.00	
Mr. T.M. Manoharan		-	10.00	
Mr. Harshan Kollara		11.20	10.00	
Ms. Anita Belani		2.46	-	
Mr. S V Raja Vaidyanathan		11.10	10.00	
Mr. BN Raveendra Babu		60.00	60.00	

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

36.3 Balance as at year end

Nature	Name of the party	As at	As at
		March 31, 2023	March 31, 2022
Rent payable	Proficient Investment And Financial Consultancy Pvt Ltd	-	0.88
Rent receivable	Manappuram Finance Limited	2.44	-
Staff welfare expenses payable	Manappuram Health Care Limited	-	0.01
Interest Generated from CSR fund	Manappuram Foundation	-	1.56
Software expense payable	Manappuram Comptech and Consultants Limited	33.54	136.24
Performance incentive payable	Mr. S V Raja Vaidyanathan	-	-
	Mr. BN Raveendra Babu	60.00	60.00
Commission payable	Mr. A Ramanathan	11.10	10.00
	Mr. D.R. Dogra	15.45	15.00
	Mr. Subrata Kumar Atindra Mitra	16.30	16.00
	Mr. Abhijit Sen	11.20	10.00
	Mr. Gautam Saigal	13.73	13.00
	Ms. Pushya Sitaraman	13.73	13.00
	Mr. T. Balakrishnan	13.73	13.00
	Mr. T.M. Manoharan	-	10.00
	Mr. Harshan Kollara	11.20	10.00
	Ms. Anita Belani	2.46	-
	Mr. S V Raja Vaidyanathan	11.10	10.00

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 March 31, 2023 and March 31, 2022 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 53(f) of SEBI (LODR) Regulations, 2015:

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(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 :

	As at March 31, 2023	As at March 31, 2022
Borrowings	842,609.56	555,876.16
Cash and bank balance	(56,663.05)	(79,430.46)
Net debt (A)	785,946.51	476,445.70
Equity share capital	6,264.02	5,331.19
Other equity	148,124.14	102,056.58
Total equity (B)	154,388.16	107,387.77
Net debt to equity ratio (A/B)	5.09	4.44

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

38 Categories of financial instruments

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

Particulars	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
(a) Financial assets				
Measured at amortised cost				
- Loans	866,889.56	542,855.32	866,889.56	542,855.32
- Cash and cash equivalents	56,663.05	79,430.46	56,663.05	79,430.46
- Bank balance other than above	32,426.99	12,392.06	32,426.99	12,392.06
- Other financial assets	10,898.15	10,891.38	10,898.15	10,891.38
- Loan given to staff	20.12	5.14	20.12	5.14
Measured at fair value through OCI				
- Investments	20,365.47	10,713.50	20,365.47	10,713.50
Hedge accounting				
- Derivative financial instruments	2,772.47	274.10	2,772.47	274.10
Total	990,035.81	656,561.96	990,035.81	656,561.96
(b) Financial liabilities :				
Measured at amortised cost				
- Debt securities	115,847.95	138,543.44	115,847.95	138,543.44
- Borrowings (other than debt security)	687,360.56	385,412.34	687,360.56	385,412.34
- Subordinated liabilities	39,401.05	31,920.38	39,401.05	31,920.38
- Trade payables	967.67	2,688.28	967.67	2,688.28
- Derivative financial instruments	-	-	-	-
- Other financial liabilities	17,413.04	12,679.69	17,413.04	12,679.69
Hedge accounting				
- Derivative financial instruments	-	-	-	-
Total	860,990.27	571,244.13	860,990.27	571,244.13

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.

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

39 Financial Risk Management Framework

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

(a) Credit risk

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

(i) Credit risk management

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

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

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

Financial assets that expose the entity to credit risk

Particulars	Nature	As at	As at
		March 31, 2023	March 31, 2022
Cash and cash equivalents (excluding cash on hand)	Low credit risk	53,466.22	77,161.82
Bank balance other than above	Low credit risk	32,426.99	12,392.06
Loans	Low credit risk	839,044.88	495,380.44
Loans	Moderate credit risk	16,509.55	45,520.00
Loans	High credit risk	11,335.14	1,954.88
Loan given to staff	Low credit risk	20.12	5.14
Investments	Low credit risk	20,365.47	10,713.50
Other financial assets	Low credit risk	10,898.15	10,891.38

Cash and cash equivalents and bank deposits

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Other financial assets

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

Loans

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

The major guidelines for selection of the client includes:

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

(II) Credit risk exposure

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

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

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

(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.

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(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Stage 1	Stage 2	Stage 3
Gross carrying amount as at April 01, 2021	470,496.16	34,081.12	9,086.78
Assets originated*	92,754.08	38,124.93	41,310.03
Net transfer between stages			
Transfer to stage 1	-	(3,112.68)	(73.70)
Transfer to stage 2	(48,552.61)	-	(43.34)
Transfer to stage 3	(11,923.70)	(4,464.60)	-
Assets derecognised (excluding write offs)	-	-	-
Write - offs (including death cases)	-	-	(39,452.81)
Gross carrying amount as at March 31, 2022	502,773.92	64,628.77	10,826.96
Assets originated*	385,706.66	(753.81)	58,672.30
Net transfer between stages			
Transfer to stage 1	-	(1,011.05)	(92.90)
Transfer to stage 2	(15,179.13)	-	(227.00)
Transfer to stage 3	(26,232.01)	(44,683.74)	-
Assets derecognised (excluding write offs)	(27.03)	(58.81)	(31,077.82)
Write - offs (including death cases)	(1.93)	(0.96)	(11,217.97)
Gross carrying amount as at March 31, 2023	847,040.49	18,120.41	26,883.57

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

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

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

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

Notes Forming Part of the Financial Statements

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(III) Concentration of loans (*)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Micro finance loans	817,782.20	543,299.79
Micro, small and medium enterprise (MSME)	3,750.37	4,872.91
Loans against Gold Jewellery	70,511.89	30,056.95
Total	892,044.47	578,229.65

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

(b) Liquidity Risk Management

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

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

(c) Market Risk

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

Interest Rate Risk

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

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

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

Sensitivity

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

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

* Holding all other variables constant

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Price Risk

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

Foreign currency risk

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

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

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

	As at March 31, 2023	As at March 31, 2022
Hedged		
ECB	(34,734.44)	(32,760.00)
Derivative financial instrument*	34,734.44	32,760.00
Unhedged	-	-

* represents the notional amount of the derivative financial instrument

Hedging policy

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

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

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended March 31, 2023 and March 31, 2022 are furnished below:

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

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

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(All amounts in ₹ lakhs unless otherwise stated)

41 Contingent Liabilities and commitments

	As at March 31, 2023	As at March 31, 2022
A. Contingent liabilities:		
(a) Claims against the company not acknowledged as debt;	-	-
(b) Guarantees excluding financial guarantees; and	-	-
(c) Other money for which the company is contingently liable {refer (i) below}	7,079.65	4,624.78
(i) Income Tax		
- Income Tax (A.Y. 2015-16)	1,124.50	1,124.50
- Income Tax (A.Y. 2016-17)	1,978.91	1,978.91
- Income Tax (A.Y. 2017-18)	1,521.37	1,521.37
- Income Tax (A.Y. 2020-21)	1,953.49	-
- Income Tax (A.Y. 2021-22)	501.38	-
	7,079.65	4,624.78
B. Commitments		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Other Intangible Assets	-	160.00
(b) Uncalled liability on shares and other investments partly paid;	-	-
(c) Other commitments (specify nature).	-	-
	-	160.00

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.

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 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.

Notes Forming Part of the Financial Statements

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(All amounts in ₹ lakhs unless otherwise stated)

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.

Income Tax (A.Y. 2020-21)

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

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

Income Tax (A.Y. 2021-22)

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

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

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

42.1 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

42.2 Disclosure of penalties imposed by RBI and other regulators

Regulator	Reason	Amount (in Rupees)
SEBI	Fine for ISIN- INE516Q07309 under Regulation 60(2)	11,800
SEBI	Fine for ISIN- INE516Q08364 under Regulation 57(1)	3,540

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

42.3 Related party transactions

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

42.4 Remuneration of directors (other than Managing Director)

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

42.5 Concentration of advances, exposures and NPA's

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

42.6 Ratings assigned by credit rating agencies

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

42.7 Sector-wise NPAs:

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax (excluding deferred tax)	6,318.30	1,664.62
Provision towards standard assets	(16,881.74)	1,426.03
Provision towards non performing assets*	44,250.17	39,256.21
Provision and contingencies on gratuity	693.58	640.54
Provision towards compensated absences	(151.71)	(260.19)
Provision for insurance claim receivable	(176.24)	339.47
	34,052.36	43,066.68

*Includes amount of provision reversal for ARC

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

42.9 Movement of NPAs

Particulars	As at March 31, 2023	As at March 31, 2022
Net NPAs to net advances (%)	1.15%	0.30%
Movement of NPAs (Gross)		
(a) Opening balance	9,607.96	9,086.78
(b) Additions during the year	66,315.12	39,973.99
(c) Reductions during the year	-50,732.44	-39,452.81
(d) Closing balance	25,190.64	9,607.96
Movement of Net NPAs		
(a) Opening balance	1,711.08	18.10
(b) Additions during the year	22,064.95	1,692.98
(c) Reductions during the year	-13,664.83	-
(d) Closing balance	10,111.20	1,711.08
Movement of provisions for receivables under financing activities		
(a) Opening balance	7,896.88	9,068.68
(b) Provisions made during the year	44,250.17	38,281.01
(c) Write-off / write-back of excess provisions	-37,067.61	-39,452.81
(d) Closing balance	15,079.44	7,896.88

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

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

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

42.11 Off-balance sheet SPVs sponsored

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

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

42.13 Investments

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

42.14 Derivatives:

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

Quantitative disclosures

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

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

Hedge accounting

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

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Cash flow hedge

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

42.15 Capital Adequacy Ratio

Particulars	As at March 31, 2023			As at March 31, 2022		
	Numerator	Denominator	Ratio	Numerator	Denominator	Ratio
(a) Capital to risk-weighted assets ratio (CRAR)	175,310.35	891,815.35	19.66%	124,030.02	595,337.33	20.83%
(b) Tier I CRAR	144,769.77	891,815.35	16.23%	97,791.35	595,337.33	16.43%
(c) Tier II CRAR	30,540.58	891,815.35	3.42%	26,238.67	595,337.33	4.41%
(d) Liquidity Coverage Ratio	67,518.80	27,472.29	245.77%	79,430.46	9,085.80	874.23%

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

42.16 Details of financing of parent company products

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

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

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

42.18 Unsecured Advances

Refer note 7(a)

42.19 Asset Liability Management

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

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month"	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
	Liabilities										
Borrowings from Banks & NBFCs	3,273.7	8,542.1	10,928.04	20,693.27	52,551.63	110,615.24	145,330.94	268,855.65	12,446.00	-	633,236.62
Market Borrowings	-	3,840.0	8,333.33	4,500.00	16,560.00	650.00	15,586.67	60,716.67	20,500.00	17,500.00	148,186.67
Securitisation	-	6,170.7	9,220.0	13,984.8	25,117.8	25,697.0	13,852.9	59,913.7	-	-	153,956.96
Total	3,273.69	18,552.79	28,481.41	39,178.07	94,229.44	136,962.28	174,770.53	389,486.02	32,946.00	17,500.00	935,380.25
Assets											
Advances	11,327.37	11,327.37	25,891.13	59,361.11	63,725.22	196,449.13	305,986.27	305,446.67	380.30	14.99	979,909.55
Investments										20,365.47	20,365.47
Total	11,327.37	11,327.37	25,891.13	59,361.11	63,725.22	196,449.13	305,986.27	305,446.67	380.30	20,380.46	1,000,275.02

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month ¹	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 & NBFCs	680.0	4,868.2	12,986.27	17,349.38	41,441.18	46,773.40	87,555.19	154,843.39	18,236.68	4,446.00	389,179.71
Market Borrowings	-	-	-	4,687.50	31,333.33	1,587.50	19,804.98	88,826.68	10,000.00	10,500.00	166,740.00
Securitisation	-	-	-	-	-	-	-	-	-	-	-
Total	680.04	4,868.17	12,986.27	22,036.88	72,774.52	48,360.90	107,360.18	243,670.07	28,236.68	14,946.00	555,919.71
Assets											
Advances (Micro Finance Loans)	8,761.72	8,761.72	25,812.89	33,724.59	26,078.96	97,270.10	158,547.41	184,064.93	589.96	2.20	543,614.50
Investments	-	-	-	-	-	-	-	-	-	10,713.50	10,713.50
Total	8,761.72	8,761.72	25,812.89	33,724.59	26,078.96	97,270.10	158,547.41	184,064.93	589.96	10,715.70	554,328.00

43 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 August 06, 2020 read with Resolution framework 2.0 - RBI/2021-22/31 DOR.STR.RCEC.11/21.04.048/2021-22 dated May 05, 2021

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

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

As at March 31, 2023

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

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
32	717,707.44	Not Applicable	83.07%

As at March 31, 2022

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
30	485,645.89	Not Applicable	84.58%

Notes:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

(iii) Top 10 borrowings

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Top 10 borrowings	493,304.95	52.74%	386,749.23	67.36%

(iv) Funding concentration based on significant instrument / product

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Borrowings (other than debt securities)	687,360.56	79.56%	385,412.34	67.13%
Debt securities	115,847.95	13.41%	138,543.44	24.13%
Subordinated liabilities	39,401.05	4.56%	31,920.38	5.56%

Notes:

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

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

(v) Stock Ratio

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

(vi) Institutional set-up for Liquidity Risk Management

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

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for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

S. No	Particulars	As at March 31, 2023		As at March 31, 2022	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
Liabilities:					
1	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a)	Debentures				
-	Secured	107,075.54	-	83,293.44	-
-	Unsecured (other than falling within the meaning of public deposits)	48,173.47	-	87,170.38	-
(b)	Deferred credits		-	-	-
(c)	Term loans				
-	Secured	628,701.67	-	381,812.34	-
-	Unsecured	15,789.87	-	3,600.00	-
(d)	Inter-corporate loans and borrowings		-	-	-
(e)	Commercial paper		-	-	-
(f)	Finance lease obligations		-	-	-
(g)	"Associated liabilities in respect of securitization transactions"		-	-	-
(h)	Cash credits		-	-	-

Particulars	Amount Outstanding		
	As at March 31, 2023	As at March 31, 2022	
Assets:			
2	Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :		
(a)	Secured	74,262.26	34,929.86
(b)	Unsecured	817,782.20	543,299.79
3	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i)	Lease assets including lease rentals accrued and due:		
(a)	Financial lease	-	-
(b)	Operating lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
(a)	Assets on hire	-	-
(b)	Repossessed assets	-	-
(iii)	Other loans counting towards AFC activities		
(a)	Loans where assets have been repossessed	-	-
(b)	Loans other than (a) above	-	-

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Amount Outstanding	
	As at March 31, 2023	As at March 31, 2022
4 Break-up of Investments		
Current Investments		
I Quoted:		
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
II Unquoted:		
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
Long Term Investments		
I Quoted:		
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	10,708.50	10,708.50
II Unquoted:		
(i) Shares:		
(a) Equity	5.00	5.00
(b) Preference	-	-
(ii) Debentures and bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government securities	-	-
(v) Investment in Pass Through Certificates	-	-
(vi) Others(Security Receipts in ARC and PTC)	9,504.72	-

Notes Forming Part of the Financial Statements

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(All amounts in ₹ lakhs unless otherwise stated)

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

S. No	Category	As at March 31, 2023 (Net of Provisions)			As at March 31, 2022 (Net of Provisions)		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1	Related parties						
	(a) Subsidiaries		-	-	-	-	-
	(b) Companies in the same group		-	-	-	-	-
	(c) Other related parties		-	-	-	-	-
2	Other than related parties	73,881.23	793,008.33	866,889.56	34,707.92	508,147.40	542,855.32
		73,881.23	793,008.33	866,889.56	34,707.92	508,147.40	542,855.32

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

6 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :

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

7 Other Information

S. No	Category	As at March 31, 2023		As at March 31, 2022	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross non-performing assets	-	25,190.64	-	9,607.96
(ii)	Net non-performing assets	-	10,111.20	-	1,711.09

46 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 June 30, 2022*		As at September 30, 2022*		As at December 31, 2022*		As at March 31, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
	High Quality Liquid Assets							
Cash and bank balances	19,489.15	19,489.15	20,151.34	20,151.34	24,073.11	24,073.11	42,908.28	42,908.28
Unencumbered fixed deposits	17,879.70	17,879.70	57,921.20	57,921.20	55,643.67	55,643.67	13,754.77	13,754.77
Investment in G sec	11021.63	11021.63	10855.75	10855.75	11023.5	11023.5	10,855.75	10,855.75
	48,390.48	48,390.48	88,928.29	88,928.29	90,740.28	90,740.28	67,518.80	67,518.80

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	As at June 30, 2022*		As at September 30, 2022*		As at December 31, 2022*		As at March 31, 2023	
	Total	Total	Total	Total	Total	Total	Total	Total
	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)	Unweighted Value (average)	Weighted Value (average)
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	40,134.97	46,155.22	71,250.17	81,937.70	53,890.00	61,973.50	55,962.60	64,356.99
Other contingent funding obligations							-	-
	40,134.97	46,155.22	71,250.17	81,937.70	53,890.00	61,973.50	55,962.60	64,356.99
Cash Inflows							-	-
Secured lending							-	-
Inflows from fully performing exposures							-	-
Other cash inflows	43,172.93	32,379.70	47,865.81	35,899.36	47,479.25	35,609.44	49,179.61	36,884.71
	43,172.93	32,379.70	47,865.81	35,899.36	47,479.25	35,609.44	49,179.61	36,884.71

Liquidity coverage ratio

Particulars	As at June 30, 2022	As at September 30, 2022	As at December 31, 2022	As at March 31, 2023
Total high quality liquid assets (a)	48,390.48	88,928.29	90,740.28	67,518.80
Total net cash outflows (b)	13,775.52	46,038.34	26,364.05	27,472.29
Liquidity coverage ratio (a)/(b)	351.28%	193.16%	344.18%	245.77%

* The Inflows and outflows for the quarter ended June 30, 2022, September 30, 2022 and December 31, 2022 have been extracted from the form 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.

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

47 RBI/DNBS/2016-17/49 Master Direction DNBS. PPD.01/66.15.001/2016-17 dated on September 29, 2016

(a) Current Year 2022-23

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

(b) Previous Year 2021-22

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

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

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

Net Interest Margin during the Year:

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

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

The Average interest cost of borrowings of the Company for the years ended March 31, 2023 and March 31, 2022 have been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings. The Average cost of borrowings include the following :

- 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.

47.2 Undisclosed income

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

48 Corporate Social Responsibility (CSR)

During the year, the Company incurred an aggregate amount of ₹200.72 Lakhs towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Projects related to FY 2022-23	Projects related to FY 2021-22
(a) Gross amount required to be spent by the company during the year.	241.29	312.29
(b) Amount approved by the Board to be spent during the year	241.29	312.29
(c) Amount spent during the year on:	200.72	176.81
i) Construction / acquisition of any asset	120.34	173.65
ii) On purposes other than (i) above	80.39	3.17
(d) Reason for shortfall	Fund is allocated for ongoing Projects	Fund is allocated for ongoing Projects
(e) Details of related party transactions, e.g., contribution to a trust/ society / section 8 company controlled by the company in relation to CSR expenditure as per Accounting Standard (AS) 18, Related Party Disclosures.		
i) Trust Name	Manappuram Foundation	Manappuram Foundation
ii) Amount transferred for CSR Projects during the year	203.04	176.81
iii) Amount utilised during the year as on March 31, 2023	200.72	176.81
iv) Surplus generated for CSR fund during previous year	1.56	-
v) Unspent Amount Returned for CSR Projects during the year	2.32	NA
(f) When the amendments to Section 135(5) and 135(6) are made applicable, then the following details in the notes should also be made:		
(I) In case of S. 135(5) unspent amount		
i) Opening Balance	NA	312.29
ii) Amount deposited in Specified Fund of Sch.VII within 6 months	NA	Nil
iii) Amount required to be spent during the year	NA	176.81
iv) Amount spent during the year	NA	176.81
v) Closing Balance	NA	135.48
(II) In case of S. 135(5) Excess amount spent		
i) Opening Balance	NA	NA
ii) Amount required to be spent during the year	NA	NA
iii) Amount spent during the year	NA	NA
iv) Closing Balance	NA	NA
(III) In case of S. 135(6) (Ongoing Project) (to be given year-wise)		
Opening Balance- With Company	NA	NA
Opening Balance- in separate CSR unspent A/c	NA	312.29
Amount required to be spent during the year	185.11	176.81
Amount spent during the year from Company's A/c	185.11	NA
Amount spent during the year from CSR unspent A/c	NA	176.81
Closing Balance with Company	40.57	NA
Closing Balance in CSR unspent A/c	NA	135.48

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Particulars	Projects related to FY 2022-23	Projects related to FY 2021- 22
(g) CSR activities as specified in Schedule VII of Companies Act, 2013	a) Promoting education b) Rural development projects and measures for reducing inequalities faced by socially and economically backward group c) Promotion of Healthcare/ preventive healthcare d) Eradicating hunger, poverty and malnutrition e) Promotion of Health care and Women empowerment f) Facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; g) Disaster management, including relief, rehabilitation and reconstruction activities i) Preventive Healthcare and Sanitation	a) Promotion of Quality education b) Rural development projects and measures for reducing inequalities faced by socially and economically backward group c) Promotion of Healthcare/ preventive healthcare d) Eradicating hunger, poverty and malnutrition e) Promotion of Health care and Women empowerment
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	-136.24	

Note-

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

49 Details of Crypto Currency or Virtual Currency

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

50 Statutory Reserve

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

51 Impact of hedging activities

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

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

b) Disclosure of effects of hedge accounting on financial performance

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

52 Employee Stock Option Scheme (ESOS), 2019

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

Date of share holders' approval	02-Feb-19
Number of options approved	830,000
Date of grant	July 1, 2019
Number of options granted	25,000
Method of settlement	Equity
Graded Vesting	30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four year from the date of grant i.e. July 1, 2023
Exercisable period	4 years from vesting date
Vesting conditions	Continuous employment /service as on relevant date of vesting and pre-determined performance parameters, if any

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

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Options outstanding, beginning of year	242,500	512,500
Options granted during the year	-	-
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	150,000	270,000
Options Exercised during the year	-	-
Options unvested and Outstanding at the End of the Year	92,500	242,500
Options outstanding at the year end comprise of :		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	92,500	242,500
	92,500	242,500

(c) Pro-forma Disclosures for ESOS :

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

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

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

53 Trade Receivables

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

**Trade receivables ageing
As at March 31, 2023**

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

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for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

As at March 31, 2022

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

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

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

54 Trade Receivables

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

Ageing as at March 31, 2023

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

Ageing as at March 31, 2022

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

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

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

56 Details of Benami Property held

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

57 Wilful Defaulter

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

58 Relationship with Struck off Companies

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

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

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

59 Registration of charges or satisfaction with Registrar of Companies (ROC)

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

60 Compliance with number of layers of companies

Not Applicable

61 Utilisation of Borrowed funds and share premium

During the financial year ended March 31, 2023, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

62 Title deeds of Immovable Properties not held in name of the Company

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

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

Particulars	Amount
(i) No of Accounts	275,093
(ii) Aggregate principal outstanding of loans transferred	32,210
(iii) Weighted average residual tenure of the loans transferred (Months)	5.63
(iv) Net book value of loans transferred (At the time of transfer)	10,594
(v) Aggregate consideration	10,630
(vi) Additional consideration realised in respect of accounts transferred in earlier years	-
(vii) Investment in Security Reciepts (SR) #	9,243

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

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

Financial line item	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
	(increase / (decrease))	(increase / (decrease))
Interest Income	2,726.93	1,219.00
Impairment of financial instruments	1,349.03	975.20
Tax Expense	346.79	61.36
Profit after Tax for the year	1,031.11	182.44
Loans	1,377.90	243.80
Current tax assets (net)	(652.00)	(291.50)
Deferred tax assets (net)	305.21	230.14
Other Equity	1,031.11	182.44
Earnings per share (in ₹) (Face value of ₹10 per equity share)		
- Basic	1.64	0.34
- Diluted	1.64	0.34

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

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

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

65.1 Exposure to Real Estate Sector

Category	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
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	3,660.77	4,872.91
(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	87.43	
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential	-	-
b. Commercial Real Estate	-	-
Total Exposure to Real Estate Sector	3,748.20	4,872.91

65.2 Exposure to capital market

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

65.3 Customer complaints

Particulars	As at March 31, 2023	As at March 31, 2022
Complaints received by the NBFC from its customers		
No. of complaints pending as at beginning of the year	1,144	340
No. of complaints received during the year	3,507	3,435
No. of complaints disposed during the year	4,532	2,631
Of which, number of complaints rejected by the NBFC	NIL	NIL
No. of complaints pending as at end of the year	119	1,144
Number of maintainable complaints received by the NBFC from Office of Ombudsman	NIL	NIL
Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	NIL	NIL
Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	NIL	NIL
Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	NIL	NIL
Number of Awards unimplemented within the stipulated time (other than those appealed)	NIL	NIL

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of previous, number of complaints pending beyond 30 days
Insurance related	508	1,718	39.33%	34	5
Collection related	195	954	-1.55%	36	14
Loan Related	33	274	-50.81%	1	1
Staff Related	12	212	1.44%	-	-
CIBIL related	79	167	N/A	-	-
Others	317	182	-29.73%	48	2
Total	1,144	3,507		119	22
		Previous Year			
Insurance Related	43	1,233	299.03%	508	367
Collection Related	6	969	572.92%	195	86
Loan Related	10	557	76.83%	33	17
Staff Related	-	209	84.96%	12	6
Service Related	2	208	220.00%	25	8
Others	279	259	12.61%	371	21
Total	340	3,435		1,144	505

65.4 Intra Group Exposures

There is no Intra group exposures for the company

Instances of breach of covenant of loan availed or debt securities issued

The Company has been regular in serving all its borrowings though there has been breach of some of the covenants relating to borrowings during the year ended as at March 31, 2023. Given the large scale Covid-19 induced disruptions, many of the borrowers across the microfinance industry were unable to service their loans on-time resulting in significantly elevated PAR, GNPA, NPA etc., The company was not immune to this industry trend and witnessed breach of some of the covenants due to elevated portfolio stress levels

Breach of Covenant	As at March 31, 2023
Number of instances	6
Amount Involved (₹ in Lakhs)	16,963.10

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

65.5 Sectoral Exposure

Sectors	Current Year			Previous Year		
	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure) (₹ Lakhs)	Gross NPAs (₹ Lakhs)	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities						
i) Agriculture-Animal Husbandry	48,230.93	1,003.72	2.08%	37,895.44	1,033.81	2.73%
ii) Agriculture-Dairy	70,247.50	4,631.95	6.59%	99,054.30	4,216.16	4.26%
iii) Agriculture-Crops	557,438.22	9,757.84	1.75%	278,000.05	1,061.55	0.38%
iv) Agriculture - Others	16,650.43	809.30	4.86%	22,677.46	710.44	3.13%
Total (i+ii+iii+iv)	692,567.08	16,202.81	2.34%	437,627.26	7,021.96	1.60%
2. Industry						
i) Textile	25,800.11	877.23	3.40%	14,952.92	721.54	4.83%
ii) Others	28,257.70	1,196.02	4.23%	18,352.43	501.20	2.73%
Total (i+ii)	54,057.80	2,073.25	3.84%	33,305.35	1,222.74	3.67%
3 Services						
i) Trade	91,191.10	5,615.70	6.16%	74,436.01	4,163.48	5.59%
ii) Others	53,313.88	3,493.84	6.55%	48,359.95	2,624.16	5.43%
Total (i+ii)	144,504.98	9,109.54	6.30%	122,795.95	6,787.63	5.53%
4. Personal Loans						
i) Loan Against Gold Jewellery	70,532.01	498.52	0.71%	30,056.95	15.89	0.05%
ii) Product Loan	35,478.82	9,753.72	27.49%	72,777.84	7,579.71	10.41%
iii) Others	6,948.97	67.45	0.97%	3,654.97	20.53	0.56%
Total (i+ii+iii)	112,959.81	10,319.69	9.14%	106,489.75	7,616.13	7.15%

Notes Forming Part of the Financial Statements

for the year ended March 31, 2023

(All amounts in ₹ lakhs unless otherwise stated)

65.6 Related Party Disclosure

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year	Current year	Previous year
Borrowings	13,000.00	-											13,000.00	-
Deposits													-	-
Placement of deposits													-	-
Advances													-	-
Investments													-	-
Purchase of fixed/other assets													-	-
Sale of fixed/other assets													-	-
Interest paid													-	-
Manappuram Finance Limited	761.03												761.03	-
Vivriti Capital Private Limited											89.19		89.19	-
Interest received													-	-
Others													-	-
Donation (Manappuram Foundation)											379.85	149.89	379.85	149.89
Purchase of software (Manappuram Comptech and Consultants Limited)											425.16	281.71	425.16	281.71
Software expense (Manappuram Comptech and Consultants Limited)											1,167.14	1,127.02	1,167.14	1,127.02

66 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 M. P. CHITALE & Co
Chartered Accountant
ICAI Firm Registration No: 101851W

Sanat Ulhas Chitale
Partner
ICAI Membership Number: 143700

Date: May 09, 2023
Place: Valapad

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

V P Nandakumar
Chairman
(DIN No.00044512)

Rajesh KRN Namboodiripad
Chief Financial Officer

Date: May 09, 2023
Place: Valapad

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

Aparna Menon
Company Secretary



Small Loans... Big Dreams..