

**Asirvad Micro Finance Limited**  
**Balance Sheet as at 31 March 2021**

(All amounts in ₹ lakhs unless otherwise stated)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>I Assets</b>			
<b>1 Financial assets</b>			
(a) Cash and cash equivalents	5	64,846.87	120,074.44
(b) Bank balance other than (a) above	6	18,721.99	20,229.57
(c) Loans	7(a)	479,519.17	434,327.51
(d) Loans given to staff	7(b)	76.52	102.30
(e) Investments	8	5.00	5.00
(f) Other financial assets	9	6,566.94	9,524.34
		<b>569,736.49</b>	<b>584,263.16</b>
<b>2 Non-financial Assets</b>			
(a) Current tax assets (net)	10	1,858.88	1,544.24
(b) Deferred tax assets (net)	11 (a)	8,282.84	3,424.70
(c) Investment property	12	8.64	8.64
(d) Property, plant and equipment	12	687.63	786.04
(e) Right of use asset	12	894.48	721.14
(f) Other intangible assets	12	259.69	1.00
(g) Intangible assets under development	12	54.50	-
(h) Other non financial assets	13	776.23	410.09
		<b>12,822.89</b>	<b>6,895.85</b>
		<b>582,559.38</b>	<b>591,159.01</b>
<b>Total assets</b>			
<b>II Liabilities and equity</b>			
<b>1 Financial liabilities</b>			
(a) Derivative financial instruments	14	135.30	-
(b) Other payables	15	-	-
(i) total outstanding dues of micro enterprises and small enterprises		2,447.22	1,762.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt securities	16	121,905.45	56,881.96
(d) Borrowings (other than debt securities)	17	319,334.54	381,549.11
(e) Subordinated liabilities	18	21,476.92	11,633.90
(f) Other financial liabilities	19	6,043.41	4,299.67
		<b>471,342.84</b>	<b>456,127.34</b>
<b>2 Non-financial liabilities</b>			
(a) Current tax liabilities (net)	20 (a)	725.91	-
(b) Provisions	20 (b)	1,506.75	1,157.18
(c) Other non-financial liabilities	21	3,440.39	29,922.61
		<b>5,673.05</b>	<b>31,079.79</b>
<b>3 Equity</b>			
(a) Equity share capital	22	5,331.19	5,331.19
(b) Other equity	23	100,212.30	98,620.69
		<b>105,543.49</b>	<b>103,951.88</b>
		<b>582,559.38</b>	<b>591,159.01</b>

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

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

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

**Sumesh E S**  
Partner  
Membership No: 206931

Place : Chennai  
Date : 24 May 2021



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

**V P Nandakumar**  
Chairman  
(DIN No.00044512)

**Yogesh Ratnakar Udhoji**  
Chief Financial Officer

Place : Chennai  
Date : 24 May 2021

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

**Aparna Menon**  
Company Secretary




**Asirvad Micro Finance Limited**  
**Statement of Profit and Loss for the year ended 31 March 2021**  
*(All amounts in ₹ lakhs unless otherwise stated)*

	Note	Year ended 31 March 2021	Year ended 31 March 2020
<b>I Revenue from operations</b>			
Interest income	24 (a)	95,762.88	91,338.06
Net Gain on derecognition of financial instruments under amortised cost category	24 (b)	7,147.98	12,590.98
Dividend income	24 (c)	1,286.86	947.06
Other operating income	25	1,099.17	629.84
		<b>105,296.89</b>	<b>105,505.94</b>
<b>II Other income</b>	26	2,421.47	4,638.46
<b>III Total income (I + II)</b>		<b>107,718.36</b>	<b>110,144.40</b>
<b>IV Expenses</b>			
Finance cost	27	45,754.14	40,943.86
Impairment of financial instruments	28	29,980.94	9,234.97
Employee benefit expenses	29	18,852.94	15,020.44
Depreciation and amortisation expense	30	1,183.72	714.45
Other expenses	31	8,878.60	7,697.99
<b>Total expenses (IV)</b>		<b>104,650.34</b>	<b>73,611.71</b>
<b>V Profit before exceptional items and tax (III - IV)</b>		<b>3,068.02</b>	<b>36,532.69</b>
<b>VI Exceptional items</b>	28	-	5,502.64
<b>VII Profit before tax (V- VI)</b>		<b>3,068.02</b>	<b>31,030.05</b>
<b>VIII Tax expense</b>			
(1) Current tax	11 (b)	6,618.90	9,832.60
(2) Deferred tax	11 (b)	(4,828.08)	(2,335.35)
(3) Tax relating to earlier years	11 (b)	(410.94)	-
		<b>1,379.88</b>	<b>7,497.25</b>
<b>IX Profit for the year (VII - VIII)</b>		<b>1,688.14</b>	<b>23,532.80</b>
<b>X Other comprehensive income</b>	23		
A (i) Items that will not be reclassified to profit or loss:			
a. Remeasurement gains and (losses) on defined benefit obligations (net)		(184.28)	(31.06)
b. Fair value changes on derivatives designated as cash flow hedge, (net)		64.95	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		30.04	7.82
<b>Subtotal (A)</b>		<b>(89.29)</b>	<b>(23.24)</b>
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		-	-
<b>Subtotal (B)</b>		<b>-</b>	<b>-</b>
<b>Other comprehensive income (A + B)</b>		<b>(89.29)</b>	<b>(23.24)</b>
<b>XI Total comprehensive income for the year (IX + X)</b>		<b>1,598.85</b>	<b>23,509.56</b>
<b>XII Earnings per equity share of Rs. 10 each</b>	33		
- Basic (₹)		3.17	44.14
- Diluted (₹)		3.17	44.14

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

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


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

  
**Sumesh E S**  
 Partner  
 Membership No: 206931

Place : Chennai  
 Date : 24 May 2021

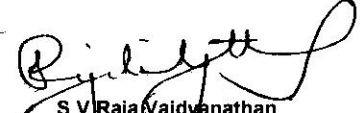


For and on behalf of the Board of Directors of  
**Asirvad Micro Finance Limited**

  
**V P Nandakumar**  
 Chairman  
 (DIN No.00044512)

  
**Yogesh Ratnakar Udhoji**  
 Chief Financial Officer

Place : Chennai  
 Date : 24 May 2021

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

  
**Aparna Menon**  
 Company Secretary



Asirvad Micro Finance Limited  
Statement of cash flow for the year ended 31 March 2021  
(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	<b>3,068.02</b>	<b>31,030.05</b>
<i>Adjustments for:</i>		
Depreciation and amortisation expense	1,183.72	714.45
Impairment of financial instruments	29,980.94	14,737.61
Provision for insurance claim receivable	301.70	86.31
Loss/(Profit) on sale of fixed assets (net)	0.06	(1.36)
Dividend income	(1,286.86)	(947.06)
Finance cost	45,754.14	40,943.86
Interest on deposits	(2,774.95)	(1,968.94)
Share based payments to employees	(7.24)	-
<b>Operating profit before working capital changes</b>	<b>76,219.53</b>	<b>84,594.92</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Loans	(75,172.60)	(99,160.27)
Loans given to staff	25.78	(21.89)
Other financial assets	2,655.70	(6,287.05)
Other non financial assets	(366.14)	(135.29)
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	684.52	530.73
Other financial liabilities	1,341.34	2,957.75
Other non financial liabilities	(26,482.21)	29,965.70
Other provisions	165.29	141.29
<b>Net cash flow (used in) operations</b>	<b>(20,928.79)</b>	<b>12,585.90</b>
Net Income tax paid	(5,826.75)	(9,910.00)
<b>Net cash (used in) in operating activities (A)</b>	<b>(26,755.54)</b>	<b>2,675.90</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	25.00	8.50
Purchase of property, plant and equipment	(801.33)	(2,010.63)
Purchase of other intangible assets	(456.50)	-
Net movement in bank deposits	1,013.48	(2,887.99)
Dividend received	1,286.86	947.06
Interest income on deposits	3,269.05	1,435.09
<b>Net cash flow generated from investing activities</b>	<b>4,336.56</b>	<b>(2,507.97)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings - term loans	192,545.00	305,669.30
Repayment of long term borrowings - term loans	(202,517.37)	(116,935.68)
Interest paid on term loans	(31,042.46)	(21,864.68)
Proceeds from long term borrowings - debentures	111,500.00	29,450.00
Repayment of long term borrowings - debentures	(35,575.00)	(47,283.00)
Interest paid on debentures	(9,133.79)	(9,895.26)
Proceeds from securitisation borrowings	-	58,987.62
Repayment of securitisation borrowings	(52,241.91)	(118,053.81)
Interest paid on securitisation	(3,378.55)	(8,956.58)
Proceeds from short term borrowings - commercial paper	-	21,973.42
Repayment of short term borrowings - commercial paper	(2,266.55)	(24,644.92)
Interest paid on CP	(233.45)	(438.11)
Repayment of short term borrowings - cash credit	-	(0.28)
Proceeds from finance lease	-	(8.98)
Other interest and charges paid	(464.51)	(682.56)
<b>Net cash flow from financing activities (C)</b>	<b>(32,808.59)</b>	<b>67,316.49</b>
Net increase in cash and cash equivalents (A+B+C)	(55,227.57)	67,484.42
Cash and cash equivalents at the beginning of the period	120,074.44	52,590.02
<b>Cash and cash equivalents at the end of the period</b>	<b>64,846.87</b>	<b>120,074.44</b>



Asirvad Micro Finance Limited  
Statement of cash flow for the year ended 31 March 2021  
(All amounts in ₹ lakhs unless otherwise stated)

	Year ended 31 March 2021	Year ended 31 March 2020
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Reconciliation of cash and cash equivalents with the balance sheet:

Cash and cash equivalents as per balance sheet	64,846.87	120,074.44
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Notes 1 to 53 form an integral part of these financial statements

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


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

  
Sunesh E S  
Partner

Place : Chennai  
Date : 24 May 2021

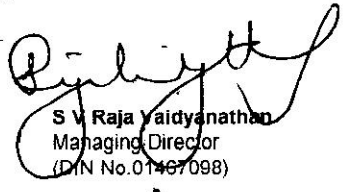


For and on behalf of the Board of Directors of  
Asirvad Micro Finance Limited

  
V P Nandakumar  
Chairman  
(DIN No.00044512)

  
Yogesh Ratnakar Udhoji  
Chief Financial Officer

Place : Chennai  
Date : 24 May 2021

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

  
Aparna Menon  
Company Secretary



**Asirvad Micro Finance Limited**  
**Statement of changes in equity for the year ended 31 March 2021**  
*(All amounts in ₹ lakhs unless otherwise stated)*

**Statement of changes in equity**

Particulars	Equity share capital	Reserves and Surplus						Accumulated other comprehensive income	Total
		Statutory Reserve	Capital redemption reserve	Securities Premium	ESOS Contribution from Holding Company	General Reserve	Retained earnings		
<b>Balance as at 01 April 2019</b>	5,331.19	4,712.72	500.00	55,810.89	20.44	35.93	13,987.61	43.08	75,110.67
Profit for the year	-	-	-	-	-	-	23,532.80	-	23,532.80
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	(23.24)	(23.24)
Transfer to statutory reserve	-	4,706.56	-	-	-	-	(4,706.58)	-	(0.02)
Other adjustments	-	-	-	-	2.10	-	(1.62)	-	0.48
<b>Balance as at 31 March 2020</b>	<b>5,331.19</b>	<b>9,419.28</b>	<b>500.00</b>	<b>55,810.89</b>	<b>22.54</b>	<b>35.93</b>	<b>32,812.21</b>	<b>19.84</b>	<b>98,620.69</b>
Profit for the year	-	-	-	-	-	-	1,688.14	-	1,688.14
Remeasurements of defined benefit obligations, net of tax	-	-	-	-	-	-	-	(137.89)	(137.89)
Fair value changes on derivatives designated as cash flow hedge, net of tax	-	-	-	-	-	-	-	48.60	48.60
Transfer to statutory reserve	-	337.63	-	-	-	-	(337.63)	-	-
Other adjustments	-	-	-	-	(7.24)	-	-	-	(7.24)
<b>Balance as at 31 March 2021</b>	<b>5,331.19</b>	<b>9,756.91</b>	<b>500.00</b>	<b>55,810.89</b>	<b>15.30</b>	<b>35.93</b>	<b>34,162.72</b>	<b>(69.45)</b>	<b>100,212.30</b>

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

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

For **Walker Chandiook & Co LLP**  
 Chartered Accountant  
 Firm Registration No: 001076/N/500013

*Suresh E S.*  
 Partner  
 Membership No: 206931

Place : Chennai  
 Date : 24 May 2021



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

*V P Nandakumar*  
 Chairman  
 (DIN No.00044512)

*Yogesh Ratnakar Udhoji*  
 Chief Financial Officer

*S V Raja (aijaya)*  
 Managing Director  
 (DIN No.01467098)

*Apalna Menon*  
 Company Secretary

Place : Chennai  
 Date : 24 May 2021



## 1 Corporate Information

Asirvad Micro Finance Limited was incorporated in August 2007 under the provisions of Companies Act, 1956. The Company is a Non-Banking Financial Company - Systemically Important Non-Deposit taking Company – Microfinance Institution (NBFC-MFI). The company is registered as a Microfinance Institution under the Non Banking Financial Company- Micro Finance Institution (Reserve Bank ) Directions , 2011 as amended, vide RBI letter dated 4th October 2013.

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

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

## 2 Basis of preparation

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

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements. Also, any directions issued by the RBI or other regulators are implemented as and when they become applicable.

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

### (ii) Historical cost convention

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

### (iii) Critical accounting estimates and judgements

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

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

#### Business model assessment

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

#### Defined employee benefit assets and liabilities

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

#### Fair value measurements

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

#### Impairment of loan portfolio

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

#### 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.



**2 Basis of preparation (continued)****(iii) Critical accounting estimates and judgements (continued)****Useful lives of depreciable/ amortisable assets**

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

**3 Summary of significant accounting policies****(a) Property, plant and equipment****Initial recognition and measurement**

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

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

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

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

Asset class	Useful Life
Furniture and Fixtures including Electrical fittings	10
Leasehold Improvements	5
Office Equipment	5
Vehicles	8
Computers and others	3

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

**De-recognition**

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

**(b) Investment Property****Initial recognition and measurement**

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

**De-recognition**

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

**(c) Intangible assets****Initial recognition and measurement**

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

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

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



### 3 Summary of significant accounting policies (continued)

#### (c) Intangible assets (continued)

##### *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:

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

#### (d) Revenue recognition

##### *Interest and processing fee income on loans*

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

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company records interest income on actual receipt basis. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

##### *Income from assignment transactions*

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

##### *Referral income*

Income from cross sale services is recognized on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

##### *Interest on fixed deposits*

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

##### *Dividend income*

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

##### *Miscellaneous income*

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

#### (e) Finance cost

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

#### (f) Taxation

##### *Current income tax*

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





### 3 Summary of significant accounting policies (continued)

#### (f) Taxation (continued)

##### **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.

##### **(ii) Compensated absences**

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

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

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

##### **Short-term employee benefits**

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

##### **Share based payments**

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

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

#### (h) Impairment of non-financial assets

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

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

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



**(i) Impairment of financial assets**

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

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

**Loan assets**

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

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

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

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

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

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

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

Contingent liability is disclosed for:

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

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

**(l) Leases**

**The Company as a lessee**

The Company's lease asset classes primarily consist of leases for office premises. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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



### 3 Summary of significant accounting policies (continued)

#### (l) Leases (continued)

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

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

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

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

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

#### (m) Financial instruments

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

##### Financial assets

###### Initial recognition and measurement

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

###### Classification and Subsequent measurement

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

- Amortized cost
- Fair Value Through Other Comprehensive Income (FVTOCI) or
- 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:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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:

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

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

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

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



**(m) Financial instruments (Continued)**

**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:

- The rights to receive cash flows from the asset have expired, or
- 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) Earnings per share**

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

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

**Segment reporting**

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

**(o) Government grants**

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



**3 Summary of significant accounting policies (continued)**

**(p) Foreign currency**

**Functional and presentation currency**

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

**Transactions and balances**

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

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

**(q) Securitisation and direct assignment**

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

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

**(r) Statement of cash flows**

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

**4 Events after reporting date**

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

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	As at 31 March 2021	As at 31 March 2020	
<b>5 Cash and cash equivalents</b>			
(a) Cash on hand	224.72	13.56	
(b) Balances with banks			
- In current accounts	17,399.55	7,129.33	
- In deposit accounts - not covered under lien	47,222.60	1,12,931.55	
	<b>64,846.87</b>	<b>1,20,074.44</b>	
<b>5.1</b> Of the above, the balances that meet the definition of cash and cash equivalents as per Ind AS 7 cash flow statements is	64,846.87	1,20,074.44	
<b>6 Bank balance other than above (Also, refer note 17.1)</b>			
Balances with Banks			
- In Deposit Accounts - under lien (Refer note 6.1 below)	18,721.99	20,229.57	
	<b>18,721.99</b>	<b>20,229.57</b>	
<b>6.1 Deposit accounts under lien comprise of:</b>			
Deposits (excluding accrued interest) amounting to Rs. 12,842.59 (As at 31 March 2020 Rs. 9,187.50 lakhs) have been placed with certain banks for obtaining term loans.			
Deposits (excluding accrued interest) amounting to Rs. 5,148.97 lakhs (As at 31 March 2020 : Rs. 9,924.66 lakhs) are placed as credit enhancement (cash collateral) towards securitization transactions.			
<b>7(a) Loans (at amortised cost)</b>			
<b>(A) Term loans</b>	5,13,664.06	4,52,837.62	
Less Impairment loss allowance	34,144.89	18,510.11	
<b>Total</b>	<b>4,79,519.17</b>	<b>4,34,327.51</b>	
<b>(B) Term loans in India</b>			
<b>(i) Secured by tangible assets</b>			
Loans	4,360.92	1,467.92	
Less Impairment loss allowance	104.83	80.01	
<b>Sub Total</b>	<b>4,256.09</b>	<b>1,387.91</b>	
<b>(ii) Unsecured</b>			
Loans	5,09,303.14	4,51,369.70	
Less Impairment loss allowance	34,040.06	18,430.10	
<b>Sub Total</b>	<b>4,75,263.08</b>	<b>4,32,939.60</b>	
<b>Total</b>	<b>4,79,519.17</b>	<b>4,34,327.51</b>	
<b>(C) Term loans in India</b>			
(A) Public sectors	-	-	
(B) Others	5,13,664.06	4,52,837.62	
Less Impairment loss allowance	34,144.89	18,510.11	
<b>Total</b>	<b>4,79,519.17</b>	<b>4,34,327.51</b>	
<b>7(b) Loans given to staff (at amortised cost)</b>			
Loans to Staff	76.52	102.30	
	<b>76.52</b>	<b>102.30</b>	
<b>7.1</b>	<b>Particulars</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
	The loan receivables reflected above excludes microfinance loans assigned to a third party on direct assignment in accordance with RBI Guidelines which qualify for derecognition as per Ind AS 109. The amounts given are net of minimum retention retained in the books	85,801.60	1,07,246.23
<b>7.2</b>	<b>Particulars</b>	<b>As at 31 March 2021</b>	<b>As at 31 March 2020</b>
	Provisions as per RBI Prudential Norms	6,989.94	4,568.19
	Provisions as per ECL model under Ind AS 109	34,144.89	18,510.11
	Amount recorded in the books	34,144.89	18,510.11



As at 31 March 2021

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	G = (D-F)
<b>Performing assets</b>						
Standard	Stage 1	4,70,496.16	9,600.52	4,60,895.64	6,391.86	3,208.66
	Stage 2	34,081.12	15,475.69	18,605.43	339.29	15,136.41
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	9,086.78	9,068.68	18.10	258.79	8,809.89
<b>Total</b>		<b>5,13,664.06</b>	<b>34,144.89</b>	<b>4,79,519.17</b>	<b>6,989.94</b>	<b>27,154.96</b>

As at 31 March 2020

Asset classification as per RBI norms	Asset classification as per Ind AS 109	Gross carrying amount as per Ind AS	Loss allowances (provisions) as required under Ind AS 109	Net Carrying amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(A)	(B)	(C)	(D)	E = (C-D)	(F)	G = (D-F)
<b>Performing assets</b>						
Standard	Stage 1	4,42,384.73	9,860.06	4,32,524.67	4,198.85	5,661.21
	Stage 2	1,842.76	39.92	1,802.84	17.02	22.90
<b>Non Performing Assets (NPA)</b>						
Substandard	Stage 3	8,610.13	8,610.13	-	352.32	8,257.81
<b>Total</b>		<b>4,52,837.62</b>	<b>18,510.11</b>	<b>4,34,327.51</b>	<b>4,568.19</b>	<b>13,941.92</b>

7.3 Reconciliation of impairment allowance on Loans

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



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

Particulars	As at 31 March 2021	As at 31 March 2020
(i) No of SPVs sponsored by the NBFC for securitisation transactions	14	13
a. Through Direct assignment	8	17
b. Through Pass through Certificates	22	30
<b>Total</b>		
(ii) Total amount of securitised assets as per books of the SPVs Sponsored	85,801.60	107,246.23
a. Through Direct assignment	6,822.72	60,412.09
b. Through Pass through Certificates	92,624.32	167,658.32
<b>Total</b>		
(iii) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
<b>a) Off-balance sheet exposures</b>	-	-
First loss	-	-
Others	-	-
<b>b) On-balance sheet exposures</b>	15,476.18	26,929.02
First loss	-	-
Others	-	-
(iv) Amount of exposures to securitisation transactions Other than MRR		
<b>a) Off-balance sheet exposures</b>		
i) Exposure to own securitizations	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations	-	-
First loss	-	-
Others	-	-
<b>b) On-balance sheet exposures</b>		
i) Exposure to own securitisations	5,148.97	9,924.66
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations	-	-
First loss	-	-
Others	-	-





7.5 Details of Financial Assets sold to Securitisation Company\*

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
<b>Total number of loan assets securitized during the year</b>		
a. Through Direct assignment	1,75,430.00	6,91,762.00
b. Through Pass through Certificates	-	3,24,712.00
	<b>1,75,430.00</b>	<b>10,16,474.00</b>
<b>Book value of loan assets securitized during the year</b>		
a. Through Direct assignment	44,443.44	1,40,592.85
b. Through Pass through Certificates	-	65,106.74
	<b>44,443.44</b>	<b>2,05,699.59</b>
<b>Sale consideration received during the year</b>		
a. Through Direct assignment	39,999.79	1,27,463.62
b. Through Pass through Certificates	-	58,987.61
	<b>39,999.79</b>	<b>1,86,451.23</b>
<b>MFI Loans Subordinated as Credit Enhancement on Assets Derecognised</b>		
a. Through Direct assignment	4,443.64	13,129.23
b. Through Pass through Certificates	-	6,119.13
	<b>4,443.64</b>	<b>19,248.36</b>
Gain / (loss) on the securitization transaction recognised in P&L		
a. Through Direct assignment	-	-
b. Through Pass through Certificates	-	-
Gain / (loss) on the securitization transactions deferred		
a. Through Direct assignment	-	-
b. Through Pass through Certificates	-	-
	-	-
<b>Quantum of Credit Enhancement provided on the transactions in the form of deposits</b>		
a. Through Direct assignment	-	-
b. Through Pass through Certificates	5,148.97	9,924.66
	<b>5,148.97</b>	<b>9,924.66</b>
<b>Quantum of Credit Enhancement as at year end</b>		
a. Through Direct assignment	-	-
b. Through Pass through Certificates	5,148.97	9,924.66
	<b>5,148.97</b>	<b>9,924.66</b>
<b>Interest spread Recognised in the Statement of Profit and Loss during the Year</b>		
a. Through Direct assignment	7,147.98	12,590.98
b. Through Pass through Certificates	-	-
	<b>7,147.98</b>	<b>12,590.98</b>

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

7.6 The Company has not given moratorium for SMA/Overdue accounts. Hence, disclosure as per RBI notification RBI/2019-20/220 DOR.No.BP.DC.63/21.04.048/2020-21 Dated 17 April 2020 is not applicable.

	As at 31 March 2021	As at 31 March 2020
<b>8 Investments</b>		
<b>Investments at fair value through other comprehensive income</b>		
Outside India	-	-
In India		
Unquoted equity instruments in India	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>
<b>9 Other financial assets</b>		
(a) Security deposits	614.60	484.77
(b) Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	-	15.00
(c) Retained interest on asset assigned	4,417.17	7,273.10
(d) Others	1,535.17	1,751.47
	<b>6,566.94</b>	<b>9,524.34</b>
<b>10 Current tax assets (net)</b>		
Advance income tax (net)	1,858.88	1,544.24
	<b>1,858.88</b>	<b>1,544.24</b>
<b>11 (a) Deferred tax assets (net)</b>		
Deferred tax assets (net)	8,282.84	3,424.70
	<b>8,282.84</b>	<b>3,424.70</b>



11 (b) Current tax and deferred tax

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

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

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

# The tax rate used for the FY 2020-2021 and 2019-2020 reconciliations above are the Corporate tax rate of 22%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Income tax act.

(iii) Income tax on other comprehensive income

Particulars	31 March 2021	31 March 2020
Deferred tax	(46.39)	7.82
Remeasurement of defined benefit obligation	16.35	-
Fair value changes on derivatives designated as cash flow hedge, net	(30.04)	7.82
<b>Total</b>		<b>7.82</b>

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

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

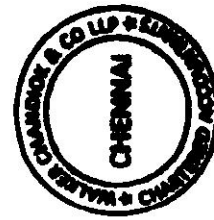
Particulars	For the Year Ended 31 March 2020			Closing Balance
	Opening Balance	(Charge)/Credit recognised in		
		Recognised in profit and Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets/deferred Tax liability :</b>				
Property, plant and equipment	260.80	(210.19)	-	50.61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



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

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

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



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

As at  
**31 March 2021**

As at  
**31 March 2020**

	As at 31 March 2021	As at 31 March 2020
<b>13 Other non financial assets</b>	21.41	38.71
(a) Goods & service tax credit (input) receivable	465.27	202.18
(b) Prepaid expenses	-	4.31
(c) Capital advances	289.55	153.73
(d) Opex advances	-	11.16
(e) Others	-	-
	<b>776.23</b>	<b>410.09</b>

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**Asirvad Micro Finance Limited**

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

(All amounts in ₹ lakhs unless otherwise stated)

As at  
31 March 2021      As at  
31 March 2020

**14 Derivative financial instruments (Also, refer note 41.15)**

**Currency derivatives**

Interest rate swap

	135.30	-
	135.30	-

**15 Other payables**

(a) Total outstanding dues of micro enterprises and small enterprises (Also, refer note 40)

(b) Total outstanding dues of creditors other than micro enterprises and small enterprises

	-	-
	2,447.22	1,762.70
	2,447.22	1,762.70

There are no dues payable as at 31 March 2021 and 31 March 2020 to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006. The information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company.

**16 Debt securities (At amortised cost)**

**(a) Redeemable non-convertible debentures**

- Secured

- Unsecured

	91,065.73	30,242.78
	30,839.72	24,348.97

**(b) Commercial papers (Unsecured)**

	-	2,290.21
	121,905.45	56,881.96

(i) Debt securities in India

(ii) Debt securities outside India

	121,905.45	56,881.96
	-	-
	121,905.45	56,881.96

Also, refer note 17.2 and note 17.3

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

**(a) Secured**

- Term loan from banks

- Term loan from NBFCs

- Other financial institutions

	270,635.86	295,644.36
	12,528.50	19,009.05
	24,285.51	2,770.28
	307,449.87	317,423.69

**(b) Unsecured**

- Term loan from NBFCs

	5,038.80	5,037.65
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**(c) Borrowings under securitisation arrangement**

	6,845.87	59,087.77
	319,334.54	381,549.11

Borrowings in India

Borrowings outside India

	306,361.89	378,778.83
	12,972.65	2,770.28
	319,334.54	381,549.11

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

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

(a) Deposits with Banks & Others

(b) Deposits with NBFCs

	18,721.99	20,084.57
	-	145.00
	18,721.99	20,229.57

**17.2 Details of commercial paper - Unsecured**

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

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

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



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

**17.2 Details of commercial paper - Unsecured (Continued)**

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

Particulars	Tenor (Days)	Discount rate	Date of Transaction	Redemption Date
CP-Invesco	62	9.80%	26-Feb-19	29-Apr-19
CP-Invesco	65	9.35%	24-Apr-19	28-Jun-19
CP-Anand Rathi	333	11.10%	3-May-19	18-Mar-20
CP-15-CP-Utkarsh	62	9.16%	12-Jun-19	13-Aug-19
CP-Utkarsh SFB- 2	34	7.25%	27-Aug-19	30-Sep-19
CP Utkarsh SMF	87	7.95%	4-Oct-19	30-Dec-19
CP-Anand Rathi Global Finance Ltd	365	10.30%	25-Feb-20	24-Feb-21

**17.3 Details of terms of repayment- Debentures and subordinated liabilities**

ISIN No	Party	Type of NCD	No. of Debentures As at		Face value	Interest rate	Due date of redemption	Closing balance As at	
			31 March 2021	31 March 2020				31 March 2021	31 March 2020
INE516Q08166	IFMR Capital	Sub Debt	500	500	1,000,000.00	13.00%	30-Jun-22	5,138.69	5,137.39
INE516Q08158	Royal Sundaram	Sub Debt	150	150	1,000,000.00	12.42%	28-Jun-23	1,496.66	1,494.02
INE516Q08182	Reliance Nippon	Sub Debt	350	350	1,000,000.00	13.00%	15-Jul-22	3,510.77	3,501.70
INE516Q08174	Reliance Nippon	Sub Debt	150	150	1,000,000.00	13.00%	15-Jul-22	1,503.53	1,500.79
INE516Q08331	A K Capital	Sub Debt	10,000	-	100,000.00	11.90%	26-Jun-26	9,828.27	-
INE516Q08299	IFMR Capital	Other Than Sub Debt	-	150	1,000,000.00	12.00%	30-Jun-20	-	1,499.21
INE516Q07119	Blue Orchard	Other Than Sub Debt	330	330	1,000,000.00	13.25%	19-May-21	3,429.59	3,452.64
INE516Q07226	UTI International	Other Than Sub Debt	50	1,000	1,000,000.00	12.30%	9-Aug-23	505.69	10,141.42
INE516Q08281	Kanvy	Other Than Sub Debt	50,000	50,000	10,000.00	11.63%	30-May-24	4,887.79	4,861.28
INE516Q08273	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	100	100	1,000,000.00	11.00%	21-May-21	1,011.73	1,010.54
INE516Q07267	IFMR Capital	Other Than Sub Debt	250	250	1,000,000.00	12.00%	27-Jun-22	2,498.51	2,498.27
INE516Q07275	Blue Orchard	Other Than Sub Debt	700	700	1,000,000.00	12.48%	9-Mar-25	7,053.01	7,037.49
INE516Q07283	Bank of India	Other Than Sub Debt	750	-	1,000,000.00	10.50%	28-Apr-23	8,101.73	-
INE516Q07291	Canara Bank	Other Than Sub Debt	450	-	1,000,000.00	11.00%	29-May-23	4,894.33	-
INE516Q07309	Bandhan Bank	Other Than Sub Debt	417	-	1,000,000.00	11.25%	21-Apr-23	4,162.22	-
INE516Q07317	Union Bank	Other Than Sub Debt	850	-	1,000,000.00	11.00%	26-Jun-23	9,174.28	-
INE516Q07325	State Bank of India	Other Than Sub Debt	1,000	-	1,000,000.00	9.50%	5-Feb-22	10,590.39	-
INE516Q07333	Union Bank	Other Than Sub Debt	500	-	1,000,000.00	9.00%	8-Mar-22	5,231.89	-
INE516Q07341	Bank of Baroda	Other Than Sub Debt	1,500	-	1,000,000.00	8.60%	19-May-22	15,066.25	-
INE516Q07358	State Bank of India	Other Than Sub Debt	1,000	-	1,000,000.00	9.00%	14-Jun-22	10,243.25	-
INE516Q07366	Bank of India	Other Than Sub Debt	750	-	1,000,000.00	8.40%	30-Jun-22	7,630.02	-
INE516Q08307	A K Capital	Other Than Sub Debt	750	-	100,000.00	11.10%	5-Feb-23	7,508.85	-
INE516Q08315	Northern Arc	Other Than Sub Debt	1,000	-	1,000,000.00	10.50%	3-Mar-23	9,955.00	-
INE516Q08323	Anand Rathi and Others	Other Than Sub Debt	500	-	1,000,000.00	10.50%	8-Mar-23	4,976.18	-
INE516Q07382	CDC	Other Than Sub Debt	500	-	1,000,000.00	9.22%	30-May-25	4,984.74	-
INE516Q08216	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	100	1,000,000.00	11.43%	22-May-20	-	260.86
INE516Q08224	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	350	1,000,000.00	11.43%	22-Jun-20	-	903.41
INE516Q07242	Reliance MF	Other Than Sub Debt	-	1,000	1,000,000.00	11.55%	27-Nov-20	-	2,608.73
INE516Q07259	Credit Suisse Securities (India) Pvt Ltd	Other Than Sub Debt	-	245	1,000,000.00	11.00%	11-Dec-20	-	2,663.85
INE516Q07101	Blue Orchard	Other Than Sub Debt	-	700	1,000,000.00	12.53%	29-Mar-21	-	7,002.48
INE516Q08265	Briia Sun Life	Other Than Sub Debt	-	2,500	1,000,000.00	11.50%	31-Mar-21	-	10,651.57
								<b>143,362.37</b>	<b>66,225.65</b>



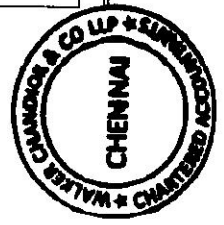
Asirvad Micro Finance Limited  
Notes forming part of the financial statements for the year ended 31 March 2021  
(All amounts in ₹ lakhs unless otherwise stated)

17.4 Details of terms of repayment- term loans from banks and others  
As at 31 March 2021

Tenure	Repayment	Interest Range	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		Due within 4-5 years		Over 5 years	
			No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount
1yr-3yrs	Monthly	7%-8%	3.00	1,250.00	-	-	-	-	-	-	-	-	-	-
		8%-9%	24.00	5,500.00	23.00	5,250.00	-	-	-	-	-	-	-	-
		9%-10%	193.00	42,020.56	120.00	28,371.50	2.00	416.67	-	-	-	-	-	-
	Quarterly	10%-11%	48.00	8,543.06	-	-	-	-	-	-	-	-	-	-
		11%-12%	70.00	20,313.72	19.00	8,783.27	1.00	666.67	-	-	-	-	-	-
		9%-10%	34.00	16,198.86	17.00	9,471.59	6.00	5,318.18	1.00	272.73	-	-	-	-
Half Yearly	10%-11%	29.00	25,199.62	15.00	10,567.52	-	-	-	-	-	-	-	-	
	11%-12%	8.00	1,321.21	4.00	660.61	-	-	-	-	-	-	-	-	
	7%-8%	2.00	12,500.00	1.00	6,250.00	-	-	-	-	-	-	-	-	
3yrs Above	Bullet	8%-9%	2.00	12,500.00	2.00	3,334.00	-	-	-	-	-	-	-	-
		9%-10%	-	-	-	-	-	-	-	-	-	-	-	-
		10%-11%	1.00	5,000.00	-	-	1.00	8,625.00	-	-	-	-	-	-
	Monthly	9%-10%	21.00	2,625.00	14.00	1,166.67	2.00	13,020.00	-	-	-	-	-	-
		9%-10%	12.00	7,123.02	9.00	5,984.59	6.00	4,200.00	4.00	277.78	-	-	-	-
		10%-11%	6.00	900.00	4.00	700.00	-	-	-	-	-	-	-	-
Bullet	11%-12%	10.00	8,967.00	8.00	7,244.00	8.00	7,319.00	8.00	4,225.00	4.00	4,225.00	2.00	400.00	
	10%-11%	-	-	-	-	2.00	1,893.30	2.00	946.70	1.00	946.70	-	-	
	-	464.00	171,628.07	236.00	87,783.75	39.00	42,222.70	18.00	8,322.21	8.00	1,600.00	2.00	400.00	

As at 31 March 2020

Tenure	Repayment	Interest Range	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		Due within 4-5 years		Over 5 years	
			No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount	No. of Instalments	Amount
1yr-3yrs	Monthly	9%-10%	49.00	15,130.95	34.00	12,708.33	8.00	6,666.67	-	-	-	-	-	-
		10%-11%	263.00	39,699.42	83.00	13,254.37	13.00	1,394.59	-	-	-	-	-	-
		11%-12%	196.00	43,065.93	87.00	20,956.11	3.00	466.67	-	-	-	-	-	-
	Quarterly	9%-10%	14.00	4,930.30	15.00	4,909.85	12.00	3,484.85	-	-	-	-	-	-
		10%-11%	58.00	28,908.12	40.00	30,170.45	23.00	24,240.91	-	-	-	-	-	-
		11%-12%	17.00	5,203.73	8.00	1,321.21	3.00	496.97	-	-	-	-	-	-
3yrs Above	Bullet	9%-10%	3.00	10,000.00	-	-	-	-	-	-	-	-	-	-
		11%-12%	-	-	1.00	5,000.00	-	-	-	-	-	-	-	-
		10%-11%	6.00	250.00	-	-	-	-	-	-	-	-	-	-
	Monthly	11%-12%	12.00	2,000.00	12.00	2,030.00	8.00	1,333.33	-	-	-	-	-	-
		10%-11%	6.00	3,400.00	6.00	900.00	4.00	700.00	-	-	-	-	-	-
		11%-12%	10.00	8,760.00	10.00	8,967.00	8.00	7,244.00	8.00	7,319.00	4.00	4,225.00	1.00	946.70
Bullet	10%-11%	634.00	161,348.45	296.00	100,187.33	82.00	46,017.99	10.00	9,212.30	5.00	5,171.70	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	



## 17.5 Reconciliation of liabilities arising from financing activities

Particulars	Debt securities (including subordinated liabilities)	Borrowings (other than debt securities)	Commercial Paper	Total
<b>01 April 2019</b>	<b>84,989.47</b>	<b>251,844.17</b>	<b>4,961.71</b>	<b>341,795.35</b>
Proceeds	29,450.00	364,656.92	21,973.42	416,080.34
Repayment	(47,283.00)	(234,989.49)	(24,644.92)	(306,917.41)
Interest expense	8,964.44	30,858.77	438.11	40,261.32
Interest paid	(9,895.26)	(30,821.26)	(438.11)	(41,154.62)
<b>31 March 2020</b>	<b>66,225.65</b>	<b>381,549.11</b>	<b>2,290.21</b>	<b>450,064.98</b>
Proceeds	111,500.00	192,545.00	-	304,045.00
Repayment	(35,575.00)	(254,759.27)	(2,266.55)	(292,600.82)
Interest expense	10,365.51	34,620.96	209.79	45,196.25
Interest paid	(9,133.79)	(34,421.01)	(233.45)	(43,788.25)
Fair value changes*	-	(200.25)	-	(200.25)
<b>31 March 2021</b>	<b>143,382.37</b>	<b>319,334.54</b>	<b>-</b>	<b>462,716.91</b>

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

	As at 31 March 2021	As at 31 March 2020
<b>18 Subordinated liabilities</b>		
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt	21,476.92	11,633.90
	<b>21,476.92</b>	<b>11,633.90</b>
Subordinated liabilities in India	21,476.92	11,633.90
Subordinated liabilities outside India	-	-
	<b>21,476.92</b>	<b>11,633.90</b>
<b>19 Other financial liabilities</b>		
(a) Interest payable on assets assigned	2,076.98	2,992.56
(b) Lease liabilities (Also, refer note 34)	1,035.56	810.96
(c) Other payables	2,930.87	496.15
	<b>6,043.41</b>	<b>4,299.67</b>
<b>20 (a) Current tax liabilities (net)</b>		
Provision for taxation (net)	725.91	-
	<b>725.91</b>	-
<b>20 (b) Provisions (Also, refer note 35)</b>		
(a) Provision for compensated absences	1,189.94	1,126.34
(b) Provision for gratuity	316.81	30.84
	<b>1,506.75</b>	<b>1,157.18</b>
<b>21 Other non financial liabilities</b>		
(a) Statutory dues payable	526.51	318.44
(b) Other payables	790.04	582.72
(c) Advance from customers	2,123.84	29,021.45
	<b>3,440.39</b>	<b>29,922.61</b>



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**22 Equity share capital**

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

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

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

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

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

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares held*	% holding in the class of shares	No of shares held*	% holding in the class of shares
Equity Shares of Rs. 10 each				
Manappuram Finance Limited (the Holding Company)	50,533,878	94.79%	49,757,889	93.33%

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

Class of shares / Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No of shares held*	% holding in the class of shares	No of shares held*	% holding in the class of shares
Equity Shares of Rs. 10 each				
Mr. S V Raja Vaidyanathan	2,451,977	4.60%	3,127,966	5.87%
Manappuram Finance Limited	50,533,878	94.79%	49,757,889	93.33%

**(iv) Terms / Rights attached to equity shares:**

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

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

\* No. of shares are in absolute numbers

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

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



**Asirvad Micro Finance Limited**

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

(All amounts in ₹ lakhs unless otherwise stated)

As at  
31 March 2021                      As at  
31 March 2020

23 Other equity	As at 31 March 2021	As at 31 March 2020
(a) Capital redemption reserve	500.00	500.00
(b) ESOS Contribution from Holding Company	15.30	22.54
(c) Statutory reserve	9,756.91	9,419.28
(d) Securities premium account	55,810.89	55,810.89
(e) General reserve	35.93	35.93
(f) Surplus in statement of profit and loss	34,162.72	32,812.21
(g) Other comprehensive income (OCI)	(69.45)	19.84
	<b>100,212.30</b>	<b>98,620.69</b>

**(a) Capital redemption reserve**

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

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

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

**(c) Statutory reserve**

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

**(d) Securities Premium Account**

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

**(e) General reserve**

General reserve represents an appropriation of profits by the Company.

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

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

**(g) Other comprehensive income (OCI)**

Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses excluding amounts included in net interest on the net defined benefit liability and cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI

**(a) Capital redemption reserve**

Opening balance	500.00	500.00
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	<b>500.00</b>	<b>500.00</b>

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

Opening balance	-	-
Add : (Reversal)/Contribution during the year	22.54	20.44
Less : Utilised during the year	(7.24)	2.10
Closing balance	<b>15.30</b>	<b>22.54</b>

**(c) Statutory reserve**

Opening balance	9,419.28	4,712.72
Add: Additions during the year	337.63	4,706.56
Less: Utilised / transferred during the year	-	-
Closing balance	<b>9,756.91</b>	<b>9,419.28</b>

**(d) Securities premium account**

Opening balance	55,810.89	55,810.89
Add : Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	<b>55,810.89</b>	<b>55,810.89</b>

**(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	<b>35.93</b>	<b>35.93</b>



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

	As at	As at
	31 March 2021	31 March 2020

**23 Other equity (Continued)****(f) Surplus in statement of profit and loss**

Opening balance	32,812.21	13,987.61
Add: Profit for the year	1,688.14	23,532.80
Less: Impact of Ind AS 116	-	(1.62)
Less: Transfer to Statutory Reserve	(337.63)	(4,706.58)
Closing balance	<u>34,162.72</u>	<u>32,812.21</u>

**(g) Other comprehensive income (OCI)**

Opening balance	19.84	43.08
Less: (Loss) for the year	(89.29)	(23.24)
Closing balance	<u>(69.45)</u>	<u>19.84</u>

**Total (a+b+c+d+e+f+g)**

<u>100,212.30</u>	<u>98,620.69</u>
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**Asirvad Micro Finance Limited**

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

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

	Year ended 31 March 2021	Year ended 31 March 2020
<b>24 (a) Interest income</b>		
<b>On financial assets measured at amortised cost</b>		
(i) Interest income from loan:		
- Interest on loan- microfinance loans	92,397.93	89,221.40
- Interest on loan- MSME loans	590.00	121.21
(ii) Interest on deposits with banks and financial institutions	2,774.95	1,968.94
(iii) Other interest income	-	26.51
	<b>95,762.88</b>	<b>91,338.06</b>
<b>24 (b) Net gain on derecognition of financial instruments under amortised cost category</b>		
Net gain on derecognition of financial instruments under amortised cost category	7,147.98	12,590.98
	<b>7,147.98</b>	<b>12,590.98</b>
<b>24 (c) Dividend Income</b>		
Dividend income from mutual funds	1,286.86	947.06
	<b>1,286.86</b>	<b>947.06</b>
<b>25 Other operating income</b>		
Loss assets recovered	1,099.17	629.84
	<b>1,099.17</b>	<b>629.84</b>
<b>26 Other income</b>		
(a) Referral fees	2,271.21	4,543.28
(b) Miscellaneous income	150.26	95.18
	<b>2,421.47</b>	<b>4,638.46</b>
<b>27 Finance cost</b>		
<b>On financial liabilities measured at amortised cost</b>		
(a) Interest on borrowings		
- Term Loans from banks	27,719.75	19,460.54
- Term Loans from NBFCs	2,018.45	2,424.98
- Borrowings under securitisation arrangement	3,378.55	8,956.58
- Other financial institutions	1,504.21	16.67
- Commercial paper	209.79	438.11
- Overdraft	-	0.81
(b) Interest on debt securities		
- Debentures & subordinated liabilities	10,365.51	8,964.44
(c) Other interest expense		
- Interest on finance lease obligations	93.37	92.63
(d) Other Borrowing Costs		
- Loan processing fees	76.31	212.62
- Bank charges	388.20	376.48
	<b>45,754.14</b>	<b>40,943.86</b>



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

	Year ended 31 March 2021	Year ended 31 March 2020
<b>28 Impairment of financial instruments (At amortised cost)</b>		
Loans (Also, refer note 7.3)	29,980.94	14,737.61
	<b>29,980.94</b>	<b>14,737.61</b>
Less : Exceptional item	-	5,502.64
	<b>29,980.94</b>	<b>9,234.97</b>
<b>29 Employee benefit expenses</b>		
(a) Salaries and wages		
(b) Contributions to provident and other funds	17,092.54	13,417.74
(c) Gratuity expenses (Also, refer note 35)	1,442.23	1,335.46
(d) Staff welfare expenses	272.72	174.05
	45.45	93.19
	<b>18,852.94</b>	<b>15,020.44</b>
<b>30 Depreciation and amortisation expense (Also, refer note 12)</b>		
(a) Depreciation of tangible assets	927.08	579.72
(b) Amortization of other intangible assets	143.31	22.58
(c) Amortization of right of use asset	113.33	112.15
	<b>1,183.72</b>	<b>714.45</b>
<b>31 Other expenses</b>		
(a) Electricity	128.29	101.62
(b) Rent (Also, refer note 36)	1,237.85	1,209.40
(c) Repairs and maintenance	65.56	40.61
(d) Insurance	292.49	363.65
(e) Rates and taxes	65.21	31.05
(f) Communication expenses	316.55	393.20
(g) Travel and conveyance	2,654.35	2,153.84
(h) Printing and stationery	237.97	289.97
(i) Directors' sitting fees	28.93	20.49
(j) Business promotion	5.76	7.86
(k) CSR expenses (Also, refer note 47)	344.54	150.57
(l) Legal and professional fees	502.00	663.69
(m) Provision for insurance claim receivable	301.70	86.31
(n) Subscription charges	79.61	44.11
(o) Software costs (Also, refer note 36)	2,045.16	1,001.25
(p) Security charges	6.94	20.65
(q) House keeping expenses	146.57	155.73
(r) Office expenses	62.71	92.91
(s) Directors commission (Also, refer note 36)	67.86	-
(t) Loss on sale of property, plant & equipment	0.06	-
(u) Payments to statutory auditors' (net of input tax credit)		
- Statutory audit		
- Tax audit	16.00	18.00
- Other services (Limited Review, Interim Audit and Certification)	2.00	2.00
- Out of pocket expenses	6.50	8.70
(v) Miscellaneous expenses	2.73	0.73
	261.26	841.65
	<b>8,878.60</b>	<b>7,697.99</b>



**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 and other loans. As the allocation of resources and profitability of the business is evaluated by the CODM on an overall basis, with evaluation into individual categories to understand the reasons for variations, no separate segments have been identified. Accordingly no additional disclosure has been made for the segmental revenue, segmental results and the segmental assets & liabilities.

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

**34 Leases**

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

Depreciation expense on right-of-use assets	113.33	112.15
Interest expense on lease liabilities	93.37	92.63
Total cash outflow for leases	169.94	88.74
Lease expense on Low Value Assets / Short term assets	1,237.85	1,209.40

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

	As at 31 March 2021	As at 31 March 2020
Year 1	649.29	736.13
Year 2	514.47	673.88
Year 3	493.72	592.90
Year 4	465.09	511.79
Year 5	325.82	420.39

**35 Employee benefits**

**35.1 Defined contribution plan**

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

**(b) Expenses recognised**

Included under 'Contributions to Provident and Other Funds' (Refer Note 29)  
 Contributions to provident and pension funds  
 Contributions to Employee State Insurance

	Year ended 31 March 2021	Year ended 31 March 2020
Contributions to provident and pension funds	1,077.12	1,031.94
Contributions to Employee State Insurance	365.11	303.52
	<b>1,442.23</b>	<b>1,335.46</b>

**35.2 Compensated absences**

**Expenses recognised**

Included under salaries and wages (Refer Note 29)

	324.68	733.99
	<b>324.68</b>	<b>733.99</b>

Current portion

Non - current portion

Net liability recognised in the balance sheet

	As at 31 March 2021	As at 31 March 2020
Current portion	209.14	84.55
Non - current portion	980.80	1,041.79
	<b>1,189.94</b>	<b>1,126.34</b>



35 Employee benefits (continued)

35.2 Compensated absences (continued)

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

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

35.3 Defined benefit plans:

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

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

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

(i) The current service cost and interest expense for the year are included in the Note 29 - Employee benefit expenses in the statement of profit & loss under the line contribution to provident and other funds.

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(iii) The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit credit method.

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

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

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

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

(i) The weighted average duration of the benefit obligation at 31 March 2021 is 10.523 years (As at 31 March 2020 is 10.873 years).



35 Employee benefits (continued)

35.3 Defined benefit plans (continued)

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

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

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

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

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

(ii) The actual return on plan asset for the year ended 31 March 2021 was Rs.13.64 Lakhs (For the year ended 31 March 2020: Rs. 14.02 Lakhs).

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

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate		
Expected rate of salary increase	6.75%	6.58%
Withdrawal Rate	10.00%	10.00%
Mortality	16.00%	16.00%
Pre Retirement Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Post Retirement Mortality Rate	LIC Ann (1996-98)	LIC Ann (1996-98)

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

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

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

**Risks associated with plan provisions**

**Investment risk:**

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

**Interest risk:**

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

**Longevity risk:**

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

**Salary risk:**

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





35 Employee benefits (continued)

35.3 Defined benefit plans (continued)

Risks associated with plan provisions (continued)

Sensitivity analysis:

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

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

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

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

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

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

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

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

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

**Experience Adjustments**

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



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

36 Related party transactions

36.1 Names of related parties and nature of relationship

Nature of relationship	Name of the party
Key Management Personnel (KMP) of the Company	Mr. S V Raja Vaidyanathan - Managing Director
	Mr. BN Raveendra Babu - Joint Managing Director (From 01 June 2020)
	Mr. Yogesh Ratnakar Udhoji - Chief Financial Officer (From 16 September 2019)
	Mr. Mayank Shyam Thatte - Chief Financial Officer (Upto 15 September 2019)
	Mr. V P Nandakumar - Chairman
	Mr. A Ramanathan - Independent Director
	Mr. Abhijit Sen - Independent Director
	Mr. Desh Raj Dogra - Independent Director
	Mr. Gautam Rathindranath Saigal - Non Independent Director
	Ms. Pushya Sitaraman - Independent Director
	Mr. Subrata Kumar Atindra Mitra - Independent Director
	Mr. T. Balakrishnan - Independent Director
	Mr. T.M. Manoharan - Independent Director
	Mr. V.R. Rajiven - Independent Director (Upto 19 October 2019)
	Mr. Anup Kumar Gupta - Company Secretary (Upto 05 December 2020)
Mrs. Aparna Menon - Company Secretary (From 27 October 2020)	
Holding company	Manappuram Finance Limited
Entity over which KMP has significant Influence	Asirvad Development Foundation Proficient Investment and Financial Consultancy Private Limited
Group companies	Manappuram Comptech and Consultants Limited Manappuram Foundation

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

36.2 Transactions with the related parties

Nature	Name of the party	Year ended 31 March 2021	Year ended 31 March 2020
Remuneration to KMP	Mr. S V Raja Vaidyanathan	348.95	286.08
	Mr. BN Raveendra Babu	150.15	-
	Mr. Yogesh Ratnakar Udhoji	63.52	39.40
	Mr. Mayank Shyam Thatte	-	27.64
	Ms. Aparna Menon	5.21	-
	Mr. Anup Kumar Gupta	9.54	13.92
Donation	Asirvad Development Foundation	9.00	15.00
	Manappuram Foundation	315.54	121.00
Interest on loan	Manappuram Finance Limited	-	0.65
Rent & other amenities	Manappuram Finance Limited	0.73	-
	Proficient Investment And Financial Consultancy Pvt Ltd	4.54	4.96
Training expenses	Manappuram Finance Limited	18.63	-
Purchase of software	Manappuram Comptech and Consultants Limited	413.00	-
	Manappuram Comptech and Consultants Limited	792.52	15.78
Sitting fees	Mr. A Ramanathan	5.76	5.66
	Mr. Abhijit Sen	3.84	0.30
	Mr. D.R. Dogra	4.04	3.48
	Mr. Gautam Saigal	4.32	3.66
	Ms. Pushya Sitaraman	3.93	2.01
	Mr. Subrata Kumar Atindra Mitra	2.97	0.30
	Mr. T. Balakrishnan	3.84	3.60
	Mr. T.M. Manoharan	2.63	2.30
Commission	Mr. V.R. Rajiven	-	0.89
	Mr. A Ramanathan	10.00	11.00
	Mr. D.R. Dogra	10.00	11.00
	Mr. Subrata Kumar Atindra Mitra	10.00	11.00
	Mr. Abhijit Sen	10.00	-
	Mr. Gautam Saigal	10.00	-
	Ms. Pushya Sitaraman	10.00	11.00
	Mr. T. Balakrishnan	10.00	11.00
	Mr. T.M. Manoharan	10.00	11.00
Mr. V.R. Rajiven	-	11.00	



## 36 Related party transactions (continued)

## 36.3 Balance as at year end

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

**Note:**

- (a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties.
- (b) The Related Parties have confirmed to the Management that as at 31 March 2021 and 31 March 2020 there are no further amounts payable to / receivable from them, other than as disclosed above.
- (c) The above compensation to key management personnel excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.
- (d) The transactions during the period are inclusive of GST.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
<b>Loans and advances in the nature of loans</b>				
From Holding Company	-	-	-	-
To Fellow Subsidiaries	-	-	-	-
To Associates	-	-	-	-
Where there is				
No Repayment Schedule	-	-	-	-
Repayment Schedule beyond 7 years	-	-	-	-
No Interest	-	-	-	-
Interest below the rate as specified in section 186 of the Companies Act, 2013	-	-	-	-
To Firms / Companies in which directors are interested (Other than (a) and (b) above)	-	-	-	-
Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-



**37 Capital Management**

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

Gearing ratio :

	As at 31 March 2021	As at 31 March 2020
Borrowings	462,716.91	450,064.97
Cash and bank balance	(64,846.87)	(120,074.44)
<b>Net debt (A)</b>	<b>397,870.04</b>	<b>329,990.53</b>
Equity share capital	5,331.19	5,331.19
Other equity	100,212.30	98,620.69
<b>Total equity (B)</b>	<b>105,543.49</b>	<b>103,951.88</b>
<b>Net debt to equity ratio (A/B)</b>	<b>3.77</b>	<b>3.17</b>

**38 Fair value measurement**

**38.1 Financial instruments by category**

Particulars	Carrying Value		Fair Value	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
<b>(a) Financial assets</b>				
<b>Measured at amortised cost</b>				
- Loans	479,519.17	434,327.51	479,519.17	434,327.51
- Cash and cash equivalents	64,846.87	120,074.44	64,846.87	120,074.44
- Bank balance other than above	18,721.99	20,229.57	18,721.99	20,229.57
- Other financial assets	6,566.94	9,524.34	6,566.94	9,524.34
- Loan given to staff	76.52	102.30	76.52	102.30
<b>Measured at fair value through OCI</b>				
- Investments	5.00	5.00	5.00	5.00
<b>Total</b>	<b>569,736.49</b>	<b>584,263.16</b>	<b>569,736.49</b>	<b>584,263.16</b>
<b>(b) Financial liabilities :</b>				
<b>Measured at amortised cost</b>				
- Debt securities	121,905.45	56,881.96	121,905.45	56,881.96
- Borrowings (other than debt security)	319,334.54	381,549.11	319,334.54	381,549.11
- Subordinated liabilities	21,476.92	11,633.90	21,476.92	11,633.90
- Trade payables	2,447.22	1,762.70	2,447.22	1,762.70
- Other financial liabilities	6,043.41	4,299.67	6,043.41	4,299.67
<b>Hedge accounting</b>				
- Derivative financial instruments	135.30	-	135.30	-
<b>Total</b>	<b>471,342.84</b>	<b>456,127.34</b>	<b>471,342.84</b>	<b>456,127.34</b>

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

**38.2 Fair value measurement hierarchy**

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

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

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

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

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

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



**38.2 Fair value measurement hierarchy (Continued)**

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

**39 Financial Risk Management Framework**

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

**(a) Credit risk**

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

**(i) Credit risk management**

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

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

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

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

Particulars	Nature	As at	
		31 March 2021	31 March 2020
Cash and cash equivalents (excluding cash on hand)	Low credit risk	64,622.15	120,060.88
Bank balance other than above	Low credit risk	18,721.99	20,229.57
Loans	Low credit risk	460,895.64	432,524.67
Loans	Moderate credit risk	18,605.43	1,802.84
Loans	High credit risk	18.10	-
Loan given to staff	Low credit risk	76.52	102.30
Investments	Low credit risk	5.00	5.00
Other financial assets	Low credit risk	6,566.94	9,524.34

**Cash and cash equivalents and bank deposits**

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

**Other financial assets**

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

**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.



39 Financial Risk Management Framework (continued)

(a) Credit risk (continued)

The major guidelines for selection of the client includes:

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

(II) Credit risk exposure

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

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

Particulars	Cash and cash equivalents	Other bank balance	Loan given to staff	Investments	Other financial assets
<b>As at 31 March 2021</b>					
Estimated gross carrying amount	64,846.87	18,721.99	76.52	5.00	6,566.94
Less: Expected credit losses	-	-	-	-	-
<b>Net carrying amount</b>	<b>64,846.87</b>	<b>18,721.99</b>	<b>76.52</b>	<b>5.00</b>	<b>6,566.94</b>
<b>As at 31 March 2020</b>					
Estimated gross carrying amount	120,074.44	20,229.57	102.30	5.00	9,524.34
Less: Expected credit losses	-	-	-	-	-
<b>Net carrying amount</b>	<b>120,074.44</b>	<b>20,229.57</b>	<b>102.30</b>	<b>5.00</b>	<b>9,524.34</b>

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

Definition of default:

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

Particulars	Stage 1	Stage 2	Stage 3
<b>Gross carrying amount as at 01 April 2019</b>	<b>352,755.62</b>	<b>1,017.38</b>	<b>1,814.16</b>
Assets originated*	442,786.25	420.48	3,174.22
<i>Net transfer between stages</i>			
Transfer to stage 1	(7,682.33)	1,507.31	6,175.02
Transfer to stage 2	8.33	(513.58)	505.25
Transfer to stage 3	0.27	0.14	(0.41)
Assets derecognised or collected (excluding write offs)	(345,483.40)	(588.98)	(1,443.46)
Write - offs (including death cases)	-	-	(1,614.65)
<b>Gross carrying amount as at 31 March 2020</b>	<b>442,384.73</b>	<b>1,642.76</b>	<b>8,610.13</b>
Assets originated*	332,228.88	1,368.66	71.24
<i>Net transfer between stages</i>			
Transfer to stage 1	7.00	(5.26)	(1.74)
Transfer to stage 2	(32,552.26)	32,553.06	(0.79)
Transfer to stage 3	(13,785.84)	(1,576.68)	15,362.52
Assets derecognised or collected (excluding write offs)	(257,786.34)	(101.43)	(608.42)
Write - offs (including death cases)	-	-	(14,346.16)
<b>Gross carrying amount as at 31 March 2021</b>	<b>470,496.16</b>	<b>34,081.12</b>	<b>9,086.78</b>

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



39 Financial Risk Management Framework (continued)

(a) Credit risk (continued)

(II) Credit risk exposure (continued)

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

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

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

(III) Concentration of loans (\*)

Particulars	As at 31 March 2021	As at 31 March 2020
Micro finance loans	509,303.14	451,369.70
Micro, small and medium enterprise (MSME)	4,107.54	1,467.92
Gold loans	253.38	-
<b>Total</b>	<b>513,664.06</b>	<b>452,837.62</b>

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

(b) Liquidity Risk Management :

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

Refer Note 41.22 which details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the Company may be required to pay.



39 Financial Risk Management Framework (continued)

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

\* Holding all other variables constant

**Price Risk**

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

**Foreign currency risk**

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

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

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

	As at 31 March 2021	As at 31 March 2020
<b>Hedged</b>		
ECB	(21,645.00)	-
Derivative financial instrument*	21,645.00	-
<b>Unhedged</b>	-	-

\* represents the notional amount of the derivative financial instrument

**Hedging policy**

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





40 Commitments and contingencies

	As at 31 March 2021	As at 31 March 2020
<b>A. Contingent liabilities:</b>		
<b>(i) Income Tax</b>		
- 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
	<b>4,624.78</b>	<b>4,624.78</b>
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Other Intangible Assets	382.00	-
	<b>382.00</b>	<b>-</b>

**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)(viiib) 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.



40 Commitments and contingencies (continued)

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

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

The Company had filed appeals against both the above demands with the Commissioner of Income Tax-Appeals. Based on professional advice, the company strongly believes that the case will be decided in their favour and hence no provision has been considered. However, in the FY 2019-20, the company had paid an amount of ₹ 304.27 Lakhs, being 20% of the above total demands and the same has been disclosed as part of Deposit under Protest. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals.

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

41.1 Customer complaints

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

41.2 Details of registration with financial regulators

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

41.3 Disclosure of penalties imposed by RBI and other regulators

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

41.4 Related party transactions

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

41.5 Remuneration of directors (other than Managing Director)

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

41.6 Concentration of advances, exposures and NPA's

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from ₹ 10,000 to ₹ 60,000 to women engaged in various income generating activities. Also, the Company provides secured loans to MSME and is engaged in the business of providing gold loans. As at 31 March 2021, the Company has provided loans to more than 24.18 lakhs borrowers and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

41.7 Ratings assigned by credit rating agencies

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

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



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

## 41.8 Sector-wise NPAs:

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

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

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

## 41.10 Movement of NPAs

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

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

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

## 41.12 Off-balance sheet SPVs sponsored

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

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



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

41.14 Investments

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

41.15 Derivatives:

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

**Quantitative disclosures**

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

**Qualitative disclosure**

During the year ended 31 March 2021, the Company has entered into derivative financial instruments to manage its exposure to interest rate risk and foreign exchange rate risk. Derivatives held by the Company are Cross Currency Interest Rate Swaps (CCIRS). Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain/loss is recognised in the Statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the Statement of profit and loss depends on the nature of the hedge relationship. During the year ended 31 March 2021, the Company has designated derivatives as cash flow hedges of a recognised liability and has no fair value hedges. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

**Hedge accounting**

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

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

During the year ended 31 March 2021, hedges that meet the criteria for hedge accounting and qualify as cash flow hedges are accounted as follows:



41 Disclosure Pursuant to Master Direction DNBR, PD. 008/03.10.119/2016-17 issued by Reserve Bank of India (Continued)

41.15 Derivatives (continued)

**Cash flow hedge**

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

41.16 Capital Adequacy Ratio

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

41.17 Exposure to Real Estate Sector

**Category**

a) Direct exposure

**(i) Residential Mortgages**

Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented

4,107.54                      1,098.95

**(ii) Commercial Real Estate -**

Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits

-                                      368.97

**(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -**

a. Residential

b. Commercial Real Estate

**Total Exposure to Real Estate Sector**

-                                      -  
**4,107.54                      1,467.92**

41.18 Exposure to capital market

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

41.19 Details of financing of parent company products

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

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

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

41.21 Unsecured Advances

Refer note 7(a)



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

41.22 Asset Liability Management

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

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings from Banks, Financial institution and NBFCs	1,242.31	2,371.03	14,063.16	12,800.72	12,133.13	45,172.06	83,845.42	1,30,006.45	9,922.21	400.00	3,11,956.49
Market Borrowings	416.67	-	-	5,654.17	416.67	6,920.83	27,858.33	73,450.00	15,750.00	10,000.00	1,40,466.67
Securitisation	-	429.28	2,644.91	1,547.12	1,143.84	1,080.72	-	-	-	-	6,845.87
<b>Total</b>	<b>1,658.98</b>	<b>2,800.31</b>	<b>16,708.07</b>	<b>20,002.01</b>	<b>13,693.64</b>	<b>53,173.61</b>	<b>1,11,703.75</b>	<b>2,03,456.45</b>	<b>25,672.21</b>	<b>10,400.00</b>	<b>4,59,269.03</b>
<b>Assets</b>											
Advances	5,944.85	14,487.96	14,749.93	26,144.55	27,917.24	82,393.87	1,43,717.42	1,93,305.01	2,738.43	5.00	5,11,399.26
Investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,944.85</b>	<b>14,487.96</b>	<b>14,749.93</b>	<b>26,144.55</b>	<b>27,917.24</b>	<b>82,393.87</b>	<b>1,43,717.42</b>	<b>1,93,305.01</b>	<b>2,738.43</b>	<b>5.00</b>	<b>5,11,404.26</b>

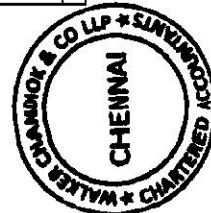
(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2020

Particulars	1 to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 month upto 2 Month	Over 2 months upto 3 months	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
<b>Liabilities</b>											
Borrowings from Banks, Financial institution and NBFCs	765.49	1,894.84	10,719.03	12,473.49	11,661.78	41,190.44	82,623.56	1,46,205.31	14,384.00	-	3,21,937.94
Market Borrowings	-	-	-	1,083.33	3,541.67	3,500.00	19,616.67	17,746.65	22,553.35	-	68,041.66
Securitisation	-	-	-	-	6,444.96	22,958.69	26,316.68	3,367.45	-	-	59,087.77
<b>Total</b>	<b>765.49</b>	<b>1,894.84</b>	<b>10,719.03</b>	<b>13,556.82</b>	<b>21,648.41</b>	<b>67,649.13</b>	<b>1,28,556.91</b>	<b>1,67,319.41</b>	<b>36,937.35</b>	<b>-</b>	<b>4,49,067.38</b>
<b>Assets</b>											
Advances	-	-	-	-	26,028.93	79,513.56	1,39,585.22	1,97,538.24	325.84	-	4,42,991.79
Investments	-	-	-	-	-	-	-	-	-	5.00	5.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,028.93</b>	<b>79,513.56</b>	<b>1,39,585.22</b>	<b>1,97,538.24</b>	<b>325.84</b>	<b>5.00</b>	<b>4,42,996.79</b>

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

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Others	1,49,720	21,123.87	-	-	9,659.45

The Company, being NBFC, has complied with Ind-AS and its Expected Credit Loss policy duly approved by the Board for the purpose of provision on such restructured accounts. Column E denotes total provision held on such accounts as at 31 March 2021



43 Disclosures in terms of RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019:

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

As at 31 March 2021

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
2	119,833.28	Not Applicable	25.12%

As at 31 March 2020

Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
1	54,956.30	Not Applicable	11.28%

Notes:

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

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

(iii) Top 10 borrowings

Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount	% of Total Borrowings	Amount	% of Total Borrowings
Top 10 borrowings	264,439.15	57.15%	225,963.01	50.21%

(iv) Funding concentration based on significant instrument / product

Name of the instrument/product	As at 31 March 2021		As at 31 March 2020	
	Amount	% of total liabilities	Amount	% of total liabilities
Borrowings (other than debt securities)	319,334.54	66.94%	381,549.11	78.31%
Debt securities	121,905.45	25.56%	54,591.75	11.21%
Subordinated liabilities	21,476.92	4.50%	11,633.90	2.39%

Notes:

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

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

(v) Stock Ratio

Particulars	31 March 2021	31 March 2020
Commercial papers as a % of total liabilities	0.00%	0.47%
Commercial papers as a % of total assets	0.00%	0.39%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%	0.00%
Other short-term liabilities as a % of total liabilities	2.65%	7.39%
Other short-term liabilities as a % of total assets	2.17%	6.09%

(vi) Institutional set-up for Liquidity Risk Management

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



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

S.No	Particulars	As at 31 March 2021		As at 31 March 2020	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
	<b>Liabilities:</b>				
1	<b>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>				
(a)	Debentures				
	- Secured	91,065.73	-	30,242.78	-
	- Unsecured (other than falling within the meaning of public deposits)	52,316.64	-	35,982.87	-
(b)	Deferred credits	-	-	-	-
(c)	Term loans				
	- Secured	307,449.87	-	317,423.69	-
	- Unsecured	5,038.80	-	5,037.65	-
(d)	Inter-corporate loans and borrowings	-	-	-	-
(e)	Commercial paper	-	-	2,290.21	-
(f)	Finance lease obligations	-	-	-	-
(g)	Associated liabilities in respect of securitization transactions	6,845.87	-	59,087.77	-
(h)	Cash credits	-	-	-	-

S.No	Particulars	Amount Outstanding	
		As at 31 March 2021	As at 31 March 2020
	<b>Assets:</b>		
2	<b>Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :</b>		
(a)	Secured	4,360.92	1,467.92
(b)	Unsecured	509,303.14	451,369.70
3	<b>Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities</b>		
(i)	Lease assets including lease rentals accrued and due:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed assets	-	-
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-





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

S.No	Particulars	Amount Outstanding	
		As at 31 March 2021	As at 31 March 2020
<b>4</b>	<b>Break-up of Investments</b>		
	<b>Current Investments</b>		
<b>I</b>	<b>Quoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
<b>II</b>	<b>Unquoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
	<b>Long Term Investments</b>		
<b>I</b>	<b>Quoted:</b>		
(i)	Shares:	-	-
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-
<b>II</b>	<b>Unquoted:</b>		
(i)	Shares:	5.00	5.00
	(a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and bonds	-	-
(iii)	Units of mutual funds	-	-
(iv)	Government securities	-	-

5 Borrower Group-wise Classification of Assets Financed as in (2) and (3) above					
S.No	Category	As at 31 March 2021 (Net of Provisions)		As at 31 March 2020 (Net of Provisions)	
		Secured	Unsecured	Secured	Unsecured
1	Related parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	Other than related parties	4,256.09	475,263.08	1,387.91	432,939.60
		<b>4,256.09</b>	<b>475,263.08</b>	<b>1,387.91</b>	<b>432,939.60</b>

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



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

6 Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :

S.No	Category	As at 31 March 2021		As at 31 March 2020	
		Market Value / Break up Value or Fair Value or Net Asset Value	Book Value	Market Value / Break up Value or Fair Value or Net Asset Value	Book Value
1	Related parties				
(a)	(a) Subsidiaries	-	-	-	-
(b)	(b) Companies in the same group	-	-	-	-
(c)	(c) Other related parties	-	-	-	-
2	Other than related parties	5.00	5.00	5.00	5.00
		5.00	5.00	5.00	5.00

7 Other Information

S.No	Category	As at 31 March 2021		As at 31 March 2020	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
(i)	Gross non-performing assets	-	9,068.68	-	8,610.13
(ii)	Net non-performing assets	-	18.10	-	-
(iii)	Assets acquired in satisfaction of debt	-	-	-	-



45 High Quality Liquid Assets disclosure pursuant to RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019

Particulars	As at 31 December 2020*		As at 31 March 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>				
Cash and bank balances	15,655.12	15,655.12	17,624.27	17,624.27
Unencumbered fixed deposits	49,076.30	49,076.30	47,222.60	47,222.60
	<b>64,731.42</b>	<b>64,731.42</b>	<b>64,846.87</b>	<b>64,846.87</b>
<b>Cash Outflows</b>				
Unsecured wholesale funding	-	-	-	-
Secured wholesale funding	-	-	-	-
Additional requirements, of which	-	-	-	-
Outflows related to derivative exposures and other collateral requirements	-	-	-	-
Outflows related to loss of funding of debt products	-	-	-	-
Credit and liquidity facilities	-	-	-	-
Other contractual funding obligations	37,270.49	42,861.06	29,820.96	34,294.10
Other contingent funding obligations	-	-	-	-
	<b>37,270.49</b>	<b>42,861.06</b>	<b>29,820.96</b>	<b>34,294.10</b>
<b>Cash Inflows</b>				
Secured lending	-	-	-	-
Inflows from fully performing exposures	-	-	-	-
Other cash inflows	48,883.40	36,662.55	42,277.22	31,707.91
	<b>48,883.40</b>	<b>36,662.55</b>	<b>42,277.22</b>	<b>31,707.91</b>

Liquidity coverage ratio

	As at 31 December 2020	As at 31 March 2021
Total high quality liquid assets (a)	64,731.42	64,846.87
Total net cash outflows (b) (Refer, note below)	10,715.27	8,573.53
<b>Liquidity coverage ratio (a)/(b)</b>	<b>604.10%</b>	<b>756.36%</b>

Note

Total net cash outflows over the next 30 days = Stressed Outflows - Minimum of (Stressed Inflows; 75% of Stressed Outflows).

\* The inflows and outflows for the quarter ended 31 December 2020 have been extracted from the form DNBS4 filed by the Company with the Reserve Bank of India.

Qualitative disclosures

The Reserve Bank of India has prescribed monitoring of sufficiency of NBFC's liquid assets pursuant to RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 04 November 2019. The Liquidity Coverage Ratio (LCR) is aimed at measuring and promoting short-term resilience of NBFCs to potential liquidity disruptions by ensuring maintenance of sufficient high quality liquid assets (HQLAs) to survive an acute stress scenario lasting for 30 days.

Liquidity of the Company is managed by the Asset Liability Management Committee (ALCO) under the supervision of Borrowings committee.

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

The weighted cash outflows are primarily driven by secured and unsecured from loans from banks, financial institutions (including ECBs), non-convertible debentures and securitization/direct assignment transactions. Borrowings contributed 79.47% and 82.39% of the total weighted cash outflows as at 31 March 2021 and 31 December 2020 respectively. The weighted cash inflows are primarily driven by unsecured micro loans and secured loans to MSME and individuals.

The Company has implemented the LCR framework and has consistently maintained LCR well above the regulatory threshold. The average LCR for the quarter ended 31 March 2021 was 756.36% which is above the regulatory requirement of 30.00%.



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

(a) Current Year 2020-21

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount	Number of Instances	Amount
Embezzlement/ misappropriation of cash				
- By Employees	7	231.34	4	1.69
- By Others	1	2.65	24	9.13
<b>Total</b>	<b>8</b>	<b>233.99</b>	<b>28</b>	<b>10.82</b>

(b) Previous Year 2019-20

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount	Number of Instances	Amount
Embezzlement/ misappropriation of cash				
- By Employees	10	56.41	5	3.37
- By Others	5	9.19	30	15.99
<b>Total</b>	<b>15</b>	<b>65.60</b>	<b>35</b>	<b>19.36</b>

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

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

Net Interest Margin during the Year:

	Year ended 31 March 2021	Year ended 31 March 2020
Average Interest (a)	20.34%	21.49%
Average effective cost for borrowing Interest (b)	10.42%	11.49%
<b>Net Interest Margin (a-b)</b>	<b>9.92%</b>	<b>10.00%</b>

The Average interest represents the effective rate at which loans have been disbursed to the customers for the years ended 31 March 2021 and 31 March 2020.

The Average interest cost of borrowings of the Company for the years ended 31 March 2021 and 31 March 2020 have been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings. The Average cost of borrowings include the following :

- Upfront processing fees paid by the Company for availing loans.
- Interest loss on fixed deposits placed as collateral, being difference between rate of interest on fixed deposit and the interest rate on the borrowings.

47 Corporate Social Responsibility (CSR)

During the year, the Company incurred an aggregate amount of Rs.344.54 Lakhs (Previous Year - Rs.150.57 Lakhs) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

- Gross amount required to be spent by the Company during the year: Rs. 327.38 Lakhs
- Amount spent by the Company during the year:

Particulars	Amount Paid	Yet to be Paid	Total
Manappuram Foundation	315.54	-	315.54
PM Cares Fund	20.00	-	20.00
Asirvad Development Foundation	9.00	-	9.00
<b>Total</b>	<b>344.54</b>	<b>-</b>	<b>344.54</b>

48 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at a rate of 20% of the net profit after tax of the Company every year. Considering the Profit after tax for the year ended 31 March 2021, ₹ 337.63 Lakhs is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.



49 Impact of hedging activities

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

Type of hedge and risks	Carrying amount of hedging instrument	Maturity date	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness	Line item in Balance Sheet
<b>Cash flow hedge</b>					
	<b>Liability</b>				
Foreign exchange forward contracts (Cross currency interest rate swaps)	135.30	27 August 2023, 13 October 2023 and 29 September 2023	(135.30)	200.25	Borrowings

b) Disclosure of effects of hedge accounting on financial performance

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive	Hedge ineffectiveness recognised in statement of profit and loss	Amount reclassified from cash flow hedge reserve to statement of profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange forward contracts (Cross currency interest rate swaps)	64.95	-	200.25	Finance Cost

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50 Employee Stock Option Scheme (ESOS), 2019

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

Date of share holders' approval	March 16, 2019
Number of options approved	8,30,000
Date of grant	July 1, 2019
Number of options granted	8,30,000
Method of settlement	Equity
Graded Vesting	30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four year from the date of grant i.e. July 1, 2023
Exercisable period	The exercise period for the vested options shall be 1 year from the date of last vesting of the respective tranche.
Vesting conditions	Continuous employment /service as on relevant date of vesting and pre-determined performance parameters, if any

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

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

The summary of the movements in options is given below:

	As at 31 March 2021	As at 31 March 2020
Options outstanding, beginning of year	6,55,000	-
Options granted during the year	-	8,30,000
Increase on account of Bonus issue	-	-
Lapsed Options restored during the year	-	-
Options lapsed during the year	1,42,500	1,75,000
Options Exercised during the year	-	-
<b>Options unvested and Outstanding at the End of the Year</b>	<b>5,12,500</b>	<b>6,55,000</b>
Options outstanding at the year end comprise of		
- Options eligible for exercise at year end	-	-
- Options not eligible for exercise at year end	5,12,500	6,55,000
	<b>5,12,500</b>	<b>6,55,000</b>

**Pro-forma Disclosures for ESOS :**

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, no compensation cost for ESOS 2019 has been recognized based management's assessment that no options will be exercised is nil.

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

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



51 The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated 27 March 2020 and 17 April 2020 and in accordance therewith, the Company has proposed a moratorium on the payment of all principal instalments and/ or interest, as applicable, falling due between 01 March 2020 and 31 August 2020 to all eligible borrowers who have no overdue as on 29 February 2020. For all such accounts where the moratorium was granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy). The collection received during moratorium period has been adjusted towards moratorium interest first and then towards principal. Revised repayment schedule has been drawn as at 01 September, 2020 and future collection will be adjusted towards current interest, moratorium interest and principal till the moratorium interest is fully recovered and thereafter towards current interest and principal and accordingly the collections received for the month of September 2020 onwards has been adjusted as per the revised repayment schedule.

Further as per RBI Resolution framework dated 06 August 2020, the Company has done restructuring of loans for its 1.1 Lakh customers who has made request for restructuring of their loan as their livelihood was severely impacted due to COVID and the loans worth ₹ 21,124 Lakhs were restructured.

As at 31 March 2021, the Company has made provision towards impairment loss allowance amounting to ₹ 34,145 Lakhs which includes potential impact on account of COVID-19 pandemic on the Company's operations. This provision was made based on available information then and given the uncertainty over the potential macro-economic impact and based on the policy approved by the board, to determine the provision for impairment of financial assets.

The company witnessed a substantial improvement in all the business parameters of the Company in the last quarter of the year. The Company has achieved overall collection efficiency of 93% in the last quarter and also there was good demand for its loan product given the fact that economic recovery was gaining the momentum.

The nation is now going through the second COVID wave, though the Company is well prepared to handle the COVID this time, as the lockdowns are more localized, digital collection through paytm/airtel has been activated, Micro Finance Institutions (MFIs) has been classified under essential service and so resultantly we have achieved collection efficiency of 91% in April 2021 despite of lockdown and restriction on employee movement. Further The RBI has taken the swift action has opened the restructuring window vide Resolution Framework 2.0 notification dated 05 May 2021 for NBFCs which will certainly benefit the Company.

The Company has taken adequate safety measures to protect its employees and also will ensure vaccination for its field staff on priority basis which will help company to continue its business operations with minimum disruption. The current provision made under impairment loss allowance with revised estimates seems to be adequate. However, the Company will continue to closely monitor any material changes to future economic conditions due to the impact of pandemic.

52 Standards issued but not yet effective

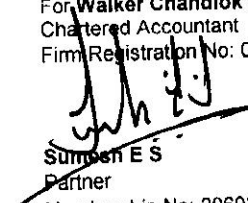
On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III are applicable from 1 April 2021.

53 Previous year figures

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

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date

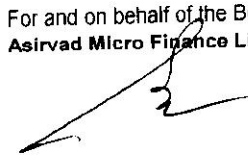
For, Walker Chandiook & Co LLP  
Chartered Accountant  
Firm Registration No: 001076N/N500013

  
Sumesh E S  
Partner  
Membership No: 206931

Place : Chennai  
Date : 24 May 2021

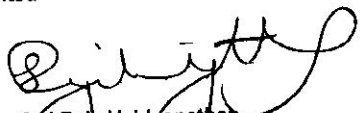



For and on behalf of the Board of Directors of  
Asirvad Micro Finance Limited

  
V P Nandakumar  
Chairman  
(DIN No.00044512)

  
Yogesh Ratnakar Udhoji  
Chief Financial Officer

Place : Chennai  
Date : 24 May 2021

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

  
Aparna Menon  
Company Secretary

