



**ASIRVAD MICROFINANCE LIMITED**

Subsidiary of MANAPPURAM FINANCE LTD.

Small Loans... Big Dreams...

**1000+**  
BRANCHES

**2** MN+  
CUSTOMERS

**5000** CR+  
AUM

**1000** CR+  
REVENUE



**13**<sup>TH</sup>

**ANNUAL  
REPORT 2019-20**





# **13<sup>th</sup> Annual Report 2019-20**





<b>Sl.No</b>	<b>Particulars</b>	<b>Page.No</b>
1	Corporate Information.....	<b>05</b>
2	Board and Sub Committees.....	<b>09</b>
3	Directors' Profile.....	<b>15</b>
4	The Asirvad Journey.....	<b>19</b>
5	Letter from Chairman.....	<b>25</b>
6	Key Trends.....	<b>29</b>
7	Customers' Demography.....	<b>35</b>
8	Directors' Report.....	<b>39</b>
	i) Annexure – A : Form AOC-2.....	<b>49</b>
	ii) Annexure – B : Corporate Governance Report.....	<b>51</b>
	iii) Annexure – C : Remuneration Details.....	<b>57</b>
	iv) Annexure – D : Form MGT-9.....	<b>61</b>
	v) Annexure – E : Annual Report on CSR Activities.....	<b>69</b>
	vi) Annexure – F : Secretarial Audit Report.....	<b>73</b>
9	Management Discussion Analysis.....	<b>79</b>
10	Independent Auditor's Report.....	<b>85</b>
11	Financial Statement.....	<b>95</b>
12	Corporate Events.....	<b>145</b>





# Corporate Information

1







**1. COMPANY**

Asirvad Micro Finance Limited

**2. CORPORATE IDENTIFICATION NUMBER**

U65923TN2007PLC064550

**3. REGISTERED OFFICE**

1st Floor, Desabandhu Plaza, 47, Whites Road,  
Royapettah, Chennai – 600 014, +91- (44) 4351 0081

**4. CORPORATE OFFICE**

9th & 10th Floor, 9, Club House Rd, Anna Salai,  
Chennai, 600002, +91- (44) 4212 4493

**5. MANAGING DIRECTOR**

Mr. SV Raja Vaidyanathan

**6. CHIEF OPERATING OFFICER**

Mr. S Ramachandran

**7. CHIEF FINANCIAL OFFICER**

Mr. Yogesh Ratnakar Udhoji

**8. CHIEF TECHNOLOGY OFFICER**

Mr. Anand Sharma

**9. CHIEF RISK OFFICER**

Mr. BB Vasaudeva Rao

**10. HEAD (HUMAN RESOURCE)**

Mr. Bikram Mishra

**11. COMPANY SECRETARY**

Mr. Anup Kumar Gupta

**12. STATUTORY AUDITORS**

M/s. Deloitte Haskins & Sells, Chartered Accountants,  
8, ASV N Ramanas Towers, No. 52, (Old No.37) Floor-I,7,9  
Venkatanarayana Road, T.Nagar, Chennai - 600 017.

**13. SECRETARIAL AUDITORS**

Mr. S Hari  
No.3, Palat Madhavan Road, IST Floor, Mahalingapuram  
Chennai - 600 034 :+91- (44) 2817 4480

**14. INTERNAL AUDITOR**

Mr. Shanavas PA

**15. REGISTRARS & TRANSFER**

SKDC Consultants Limited  
AGENTS PB No. 2016, Kanapathy Towers, 3<sup>rd</sup> Floor  
391/AI, Sathy Road, Ganapathy Post,  
Coimbatore – 641 006 T.N +91-(422) 4958995, 2539835

**16. DEBENTURE TRUSTEES**

Catalyst Trusteeship Limited  
(Erstwhile GDA Trusteeship Limited)  
Windsor, 6TH Floor, Office No- 604  
C.S.T. Road, Kalina, Santacruz (East)  
Mumbai – 400 098

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor, 17, R. Kamani Marg  
Ballard Estate, Mumbai- 400 001  
Ph No: (22) 40807020



## List of Lenders

Refinance Institution
NABARD
PSU Banks
Andhra Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Indian Bank
Indian Overseas Bank
Oriental Bank of Commerce
State Bank of India
Syndicate Bank
Union Bank of India
United Bank of India
Private Sector Banks
AU Small Finance Bank Ltd
Axis Bank Ltd
Bandhan Bank Ltd
CSB Bank Ltd
DCB Bank Ltd
Equitas Small Finance Bank Ltd
HDFC Bank Ltd
ICICI Bank Ltd
IDBI Bank Ltd
IDFC Bank Ltd
IndusInd Bank Ltd
Kotak Mahindra Bank Ltd
Lakshmi Vilas Bank Ltd
RBL Bank Ltd
South Indian Bank Ltd
The Federal Bank Ltd
Ujjivan Small Finance Bank Ltd
YES Bank Ltd.

Foreign Banks
Bank of Bahrain and Kuwait
CTBC Bank
HSBC Bank
SBM Bank (Mauritius) Ltd
SMBC Bank
Standard Chartered Bank
Woori Bank
NBFCs
Aditya Birla Finance Ltd
Bajaj Finance Ltd
Cholamandalam Investment and Finance Company Ltd
Credit Suisse Securities (India) Private Limited
Hero Fincorp Ltd
Hinduja Leyland Finance Ltd
IFMR Capital Finance Pvt. Ltd
Karvy Capital Ltd
LKP Securities Ltd
Nabkisan Finance Ltd
Nabsamruddhi Finance Ltd
Reliance Home Finance Ltd
Royal Sundaram General Ins. Co. Ltd
Shapoorji Pallonji Finance Pvt. Ltd.
Tata Capital Ltd
Mutual Funds
Birla Sunlife Mutual Fund
Reliance Mutual Fund
FIIIs
Blue Orchard
WaterCredit Investment Fund 3, LP



# Board and Sub Committees

2





## BOARD OF DIRECTORS

VP Nandakumar	-Chairman
SV Raja Vaidyanathan	-Managing Director
BN Raveendra Babu	-Director
Gautam Saigal	-Director
A Ramanathan	-Independent Director
Desh Raj Dogra	-Independent Director
TM Manoharan	-Independent Director
T Balakrishnan	-Independent Director
Pushya Sitaraman	-Independent Director
Abijith Sen	-Additional Director
SK Mitra	-Additional Director

## NOMINATION & REMUNERATION COMMITTEE

T Balakrishnan	-Chairman
A Ramanathan	-Member
BN Raveendra Babu	-Member
Gautam Saigal	-Member

## Borrowing & Securities Allotment Committee

SV Raja Vaidyanathan	-Chairman
VP Nandakumar	-Member
A Ramanathan	-Member
BN Raveendra Babu	-Member

## RISK MANAGEMENT COMMITTEE

Gautam Saigal	-Chairman
TM Manoharan	-Member
Abhijit Sen	-Member
Desh Raj Dogra	-Member
SV Raja Vaidyanathan	-Member
BB Vasudeva Rao	-Member cum Secretary

## AUDIT COMMITTEE

Desh Raj Dogra	-Chairman
T Balakrishnan	-Member
Gautam Saigal	-Member
A Ramanathan	-Member
Pushya Sitaraman	-Member
Abijith Sen	-Member

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

TM Manoharan	-Chairman
SV Raja Vaidyanathan	-Member
Pushya Sitaraman	-Member

## ASSET LIABILITY COMMITTEE

SV Raja Vaidyanathan	-Chairman
Yogesh Udhoji	-CFO & Secy
Ramachandran	-COO

## IT STRATEGY COMMITTEE

A Ramanathan	-Chairman
SV Raja Vaidyanathan	-Member
SK Mitra	-Member
BN Raveendra Babu	-Member
Anand Sharma	-CTO

## MANAGEMENT COMMITTEE

Abhijit Sen	-Chairman
SV Raja Vaidyanathan	-Member
A Ramanathan	-Member
Gautam Saigal	-Member
Desh Raj Dogra	-Member
BN Raveendra Babu	-Member





**TAMIL NADU**



—∞—  
**ஆசிர்வாத் எங்கள்  
வாழ்வை  
ஆசிரவதிக்கிறது**  
—∞—







# Directors' Profile

3



VP Nandakumar

Post graduate in Science, with additional qualifications in Banking & Foreign Trade. He is the Managing Director & CEO of Manappuram Finance Ltd. In December 2013, he took part in a Global Strategic Leadership Program at the Wharton Business School, Philadelphia (USA). He acts as a managing Committee member of leading trade and industry associations such as ASSOCHAM and FICCI.

He is the Chairman of the Kerala state council of the Confederation of Indian Industry (CII). He promoted Manappuram Finance Ltd. in 1992 and today the company has a pan-India presence with 3747 branches across 27 Indian states. Business Today, a leading business magazine ranked him among India's Top 100 CEOs. Earlier, in December 2013, Business World had listed his name amongst India's Most Valuable CEOs. He is widely recognized as a leading wealth creator for investors in India's stock market circles.



SV Raja Vaidyanathan

B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI, ACS and has more than 43 years of experience in the field of Financial Services, Infrastructure, Media, Telecom & Retail sectors in the large private sector. He is the founder Chairman and the Managing Director of the Company.



Gautam Saigal

Chartered Accountant and a postgraduate in Commerce from the Calcutta University. Mr Gautam Saigal is founding partner of Pachira Financial Services LLP. He has over 24 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK. Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India private equity advisory practice. Gautam has been a member of the Board of team and Board Committees in several companies including in Financial services, Telecom, Energy distribution, Healthcare, IT services, Consumer products, logistics, Infrastructure etc.



BN Raveendra Babu

Post Graduate in Commerce from the Calicut University and completed his intern from the Institute of Certified Management Accountants. He held senior positions in Finance and Accounts in various organizations in the Middle East. Further, he was also on the Board of Manappuram Finance Limited as an Executive Director.



A Ramanathan

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



DR Dogra

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



T Balakrishnan

is a retired officer of an Indian Administrative Services of Kerala Cadre. He holds Post Graduate Degree in Political Science & International Relations and Bachelor Degree in History & Economics from Delhi University. He has rich and intensive experience in the Administrative, Industrial Development, Tourism, and Infrastructure. In addition, he has been well trained in diverse areas of Public Administrative and attended various seminars/ conferences at National and International levels.



TM Manoharan

is a retired officer of Indian Forest Service (IFS). He was Principal Chief Conservator of Forests and Head of Forest Forces, Kerala, and Chairman of Kerala State Electricity Board. He holds a Master Degree in Chemistry and Sociology. Besides these, he is a law graduate.



Pushya Sitaraman

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



Abhijit Sen

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



Subrata Kumar  
Atindra Mitra

In the year 1977, Mr. S.K Mitra started his career with Bank of India and played a vital role in setting up the Merchant Banking Division of the Bank. During the period from 1978 to 1984, he worked for Standard Chartered Bank in Mumbai where he played a role as advisor for several domestic and international business houses in setting up manufacturing projects in India. Later, in year 1985, Mr. Mitra joined American Express Bank and was the head of Corporate Banking and Investment Banking in India. He also worked for the GIC Mutual Fund, Aditya Birla Group. He joined Aditya Birla Group in 1994 as Director, Financial Services. Served as Independent Director on the Board and Committees of several reputed organization. Currently, he is India Correspondent for Asia Asset Management, Hong Kong.





# The Asirvad Journey

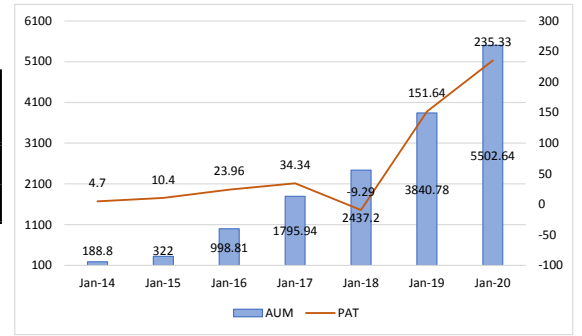
4





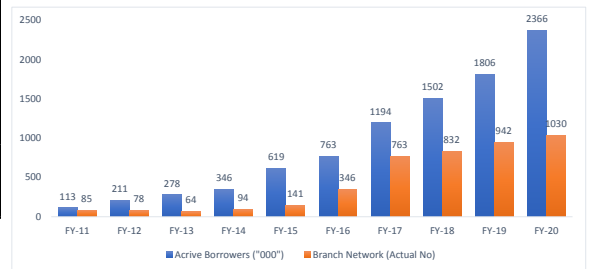
## PORTFOLIO & PROFITABILITY GROWTH

Particulars (Rs. in Crores)	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16	Mar 15	Mar 14
PAT	235.33	151.64	-9.29	34.34	23.96	10.4	4.7
AUM	5502.64	3838.00	2437.2	1795.94	998.81	322	188.8



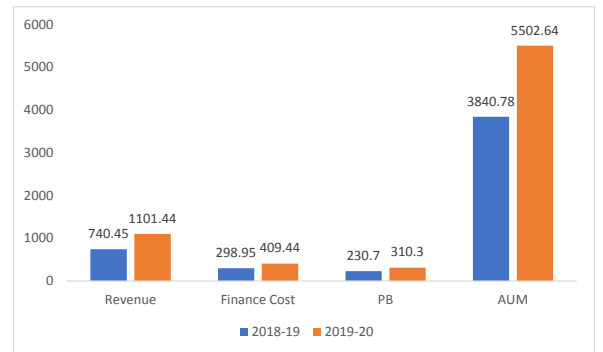
## OPERATIONAL METRICS

Operations Information	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20
Active Borrowers ("000")	113	211	278	346	619	763	1194	1502	1806	2366
Branch Network (Actual No)	85	78	64	94	141	346	763	832	942	1030

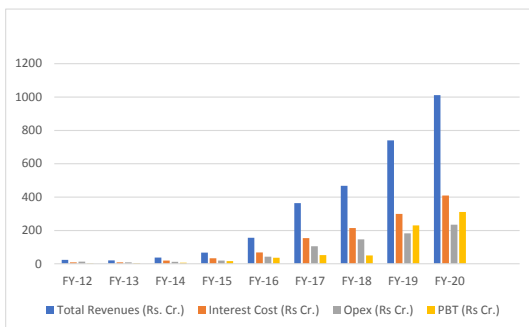


## FINANCIAL HIGHLIGHTS

Finance	Revenue	Finance Cost	PB	AUM
2018-19	740.45	298.95	230.7	3840.78
2019-20	1101.44	409.44	310.3	5502.64



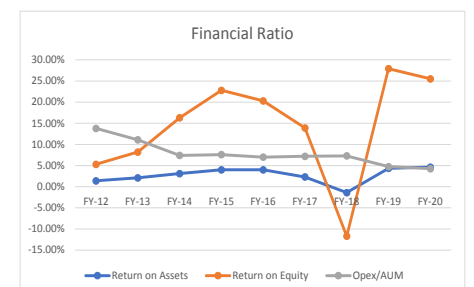
## FINANCIAL SNAPSHOTS



	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20
Total Revenues (Rs. Cr.)	24	20	37	67	156	364	468	740.45	1011.44
Interest Cost (Rs Cr.)	9	9	19	33	68	154	214	298.95	409.44
Opex (Rs Cr.)	13	9	12	19	43	105	146	182.38	234.33
PBT (Rs Cr.)	2	3	7	16	36	52	50	230.7	310.3

## FINANCIAL RATIOS

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









**WEST BENGAL**

आशीर्वाद ने मुझे कामवाली  
से एक उधमी में बदल दिया।





# Letter from Chairman

5





**V.P. Nandakumar**  
Chairman



Dear Share Holders,

It is my pleasure to present to you our 13th Annual Report for the year ended March 31, 2020. I am pleased to announce that Asirvad Micro Finance Limited has delivered industry-leading growth in AUM and profitability. In fact, over the last five years, the Company has reported an AUM growth of nearly 17 times, increasing from ₹ 3,220 million in FY14-15 to ₹ 55,026 million in FY19-20. India's Microfinance sector has also done well over this period, with AUM growing from ₹ 400 billion in FY15 to more than ₹ 2 trillion in FY20. Based on current trends and prospects, we are confident of our continuing outperformance over the industry in the foreseeable future as well.

## **Economic Outlook**

The Indian economy has been undergoing a protracted slowdown in growth, even before the outbreak of Covid-19, as stress in the financial and real sector fed into each other. India recorded its slowest growth performance in 11 years at 4.2 percent GDP growth in FY20. Fitch expects economic activity to contract by 5 percent in the fiscal year ending March 2021 (FY21) due to the strict lockdown measures imposed in the last week of March 2020, before rebounding to 9.5 percent in FY22. India's medium-term GDP growth outlook may be negatively affected by renewed asset-quality challenges in banks and liquidity issues in NBFCs. The financial sector was already facing weak business and consumer confidence for some years before the crisis and this was aggravated by certain high-profile defaults in the NBFC sector arising from lapses in governance. The year 2021 could potentially be a watershed moment, with the Government taking a series of fiscal measures to generate demand and ease the liquidity pressure, which gives rise to hopes of green shoots appearing sometime in Q3 at least. These measures include directing public sector banks to lend more to NBFCs, introducing credit guarantee scheme, relaxation in norms on external commercial borrowings, loan co-origination with banks, among others.

## **Outlook for Non-Banking Financial Companies (NBFCs)**

A renewed rise in NPLs and the need for further financial government support now appears likely despite regulatory measures announced by the RBI. These measures include an extension of the 90-day moratorium on recognition of impaired loans to 180 days and several relaxations in bank lending limits such as allowing banks to fund interest on working-capital loans. These moves will impose a heavy burden particularly on public-sector banks to bail out the affected sectors and extend impaired-loan recognition, which can heighten solvency risks if not met by adequate and timely capital support. India Ratings and Research (Ind-Ra) has maintained a Negative Outlook for NBFCs for FY21. It sees multiple headwinds in terms of slower balance sheet growth and elevated slippages, leading to weaker profitability for the sector. It expects NBFCs to grow their portfolio at 8 to 10 percent in FY21, driven by retail focused NBFCs with good track record and an established franchise. The slowdown in auto sales, cash flow challenges for small businesses, and sluggishness in real estate sector is likely to pose challenges to the collection and recovery teams.

## **Outlook for Microfinance Institutions (MFIS)**

Rating agency ICRA expects the securitisation volumes for NBFC-MFIs to be impacted significantly in 2020-21 due to the Covid-19 pandemic negatively affecting the operational activities during the first quarter and the availability of securitisable loans in originators' books (due to substantially lower incremental disbursements in the first quarter of FY21). Profitably is likely to remain subdued on account of compression in margins arising from higher on-balance sheet liquidity, a higher proportion of long-term borrowings, and hardening of funding cost for a few select players. Due to the asset quality pressures, a rise in credit cost could affect profitability, with NBFCs turning conservative and making higher provisions on stressed asset classes. Also, the benefit of operating leverage may not accrue to NBFCs due to slower growth in the portfolio. A steadily declining investment rate in the economy has been a major factor causing deceleration in growth prior to the Coronavirus crisis. The balance sheets of the corporate sector, banks, as well as the government, have been under severe stress, and the policy focus on reducing policy rates has not been enough to lift sentiments. Despite a lower cost of borrowing, banks continued to be risk-averse and unwilling to lend, while borrowers were hesitant to borrow due to the uncertainty of a slowing economy. ICRA expects MFI credit costs to double from the present levels of 1-1.5 percent to 2.5-3 percent for most players, which is likely to impact their profitability (RoEs) by 3-5 percent in FY2021. The impact on credit costs could be higher if the pandemic leads to a permanent loss of livelihood or significant decline in income for a section of the borrowers which would impact their repayment capacity.

## **Performance of the Company**

Your company was able to maintain the momentum in growth of recent years, following the sharp slowdown immediately after Demonetisation in November, 2016. The company expanded to newer geographies such as Sikkim and Goa, which are also emerging as growth markets. Asirvad is ranked as the 4th largest NBFC MFI in India (source: MFIN Micrometer). The Company has a network of 1,030 branches across 22 States with presence in 316 districts and 2,09,956 centers. It follows a policy of continuous re-assessment of concentration risk and diversification. During the year, the Company passed on the benefit of lower interest rate charged by its lending banks and Financial Institutions by reducing the rate of interest charged to its customers from 21.70 percent to 21.30 percent per annum. Asirvad's AUM grew by 43.27 percent from ₹ 38,408 million in FY18-19 to ₹ 55,026 million in FY19-20, active loan accounts increased by 31.1 percent to 2.36 million from 1.8 million last year. A total of 1.19 million loan accounts were disbursed during the Financial year, and these loans have a 97.92 percent repayment rate. The Company's opera-



tional revenue grew by 53.6 per cent to ₹ 10,551 million for FY19-20 compared with ₹ 6,869 million for FY18-19. Provisions stood at ₹ 1,474 million including the standard provision of ₹ 636 million made for FY-19-20 as per the company's policy. We are now servicing over 2.36 million customers in 22 states. Your Company has forayed into lending for MSME enterprises against the security of property having started operations in 15 branches across Andhra Pradesh, Karnataka and Tamil Nadu. The Company's MSME loan book at the end of the year stood at Rs.136 million.

### **Thank You!**

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

With best wishes,  
**V.P. Nandakumar**  
**Chairman**



# Key Trends

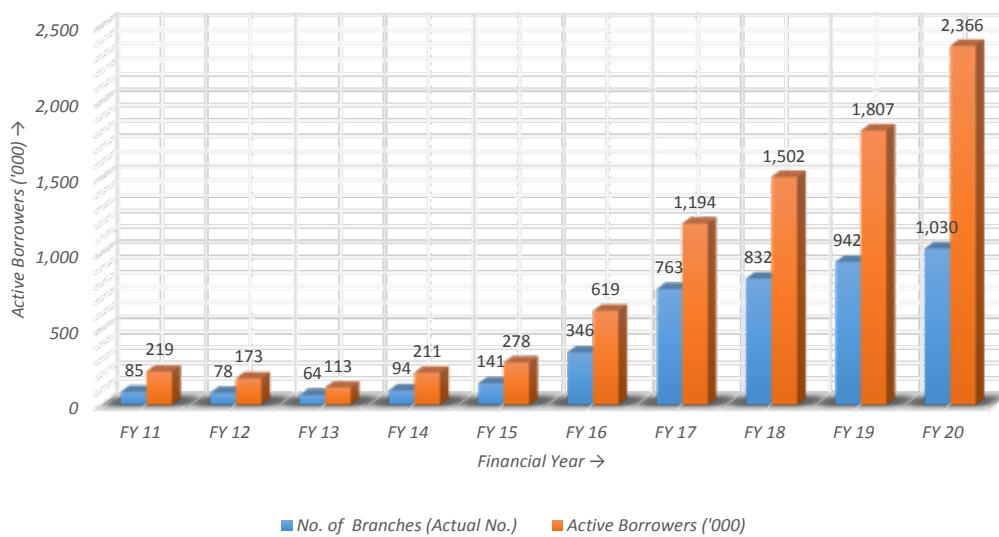
6







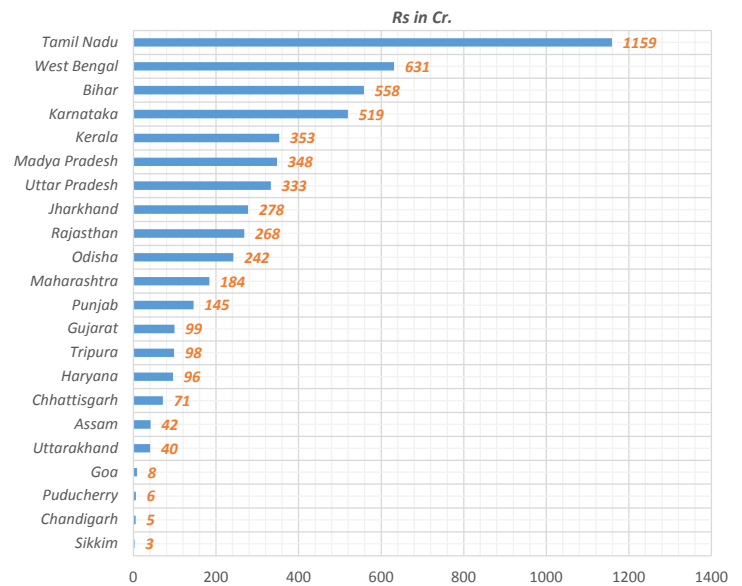
Particulars	Mar-20	Mar-19	Mar-18	Mar-17
No. of States & Union Territories	21	22	20	17
No. of Branches	1,030	942	832	763
No. of Districts	315	289	245	252
No. of Employees	6,206	4,951	4,167	3,861
No. of Active Members	23,66,475	18,06,844	15,01,575	11,93,328
Disb. In Crs.	4,661	4,286	2,875	2,114
Portfolio in Crs.	5,502	3,838	2,434	1,796



## Operational Metrics

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

## STATEWISE AUM





मैं छोटी सी सब्जी विक्रेता थी  
और अब आशीर्वाद माइक्रोफाइनंस  
की मदद से बड़ी दुकान खुल गई।



**UTTAR PRADESH**







# Customers' Demography

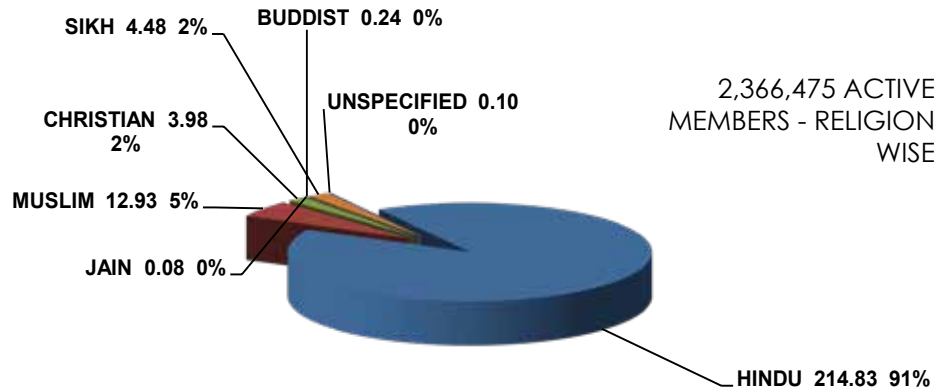
7



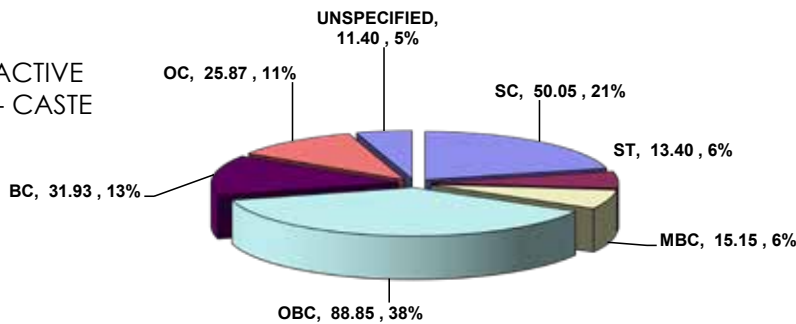


## Customer Demography as on Mar-2020

Religion	Total	%
Hindu	214.83	90.78%
Muslim	12.93	5.46%
Christian	3.98	1.68%
Jain	0.08	0.03%
Buddist	0.24	0.10%
Sikh	4.48	1.89%
Unspecified	0.10	0.04%
	236.65	100.00%

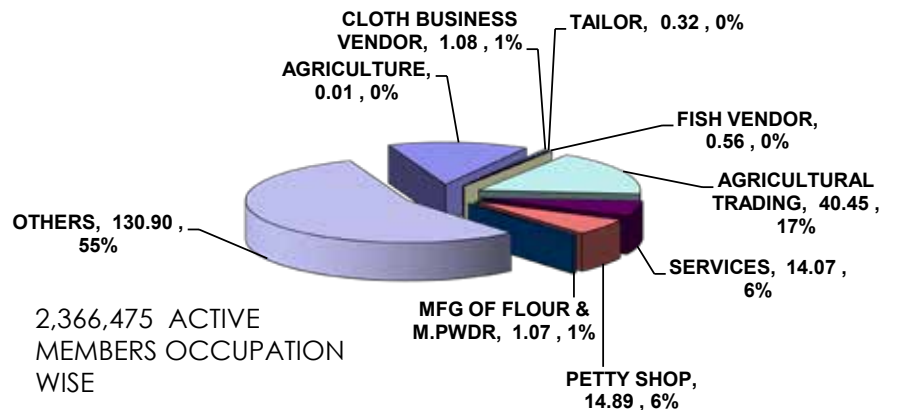


2,366,475 ACTIVE MEMBERS - CASTE WISE

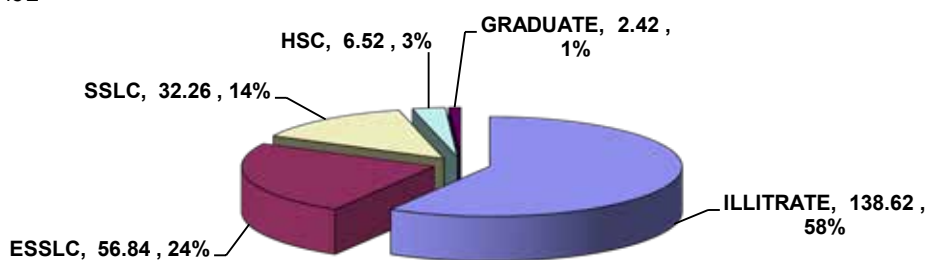


Caste	Total	%
Sc	50.05	21.15%
St	13.40	5.66%
Mbc	15.15	6.40%
Obc	88.85	37.54%
Bc	31.93	13.49%
Oc	25.87	10.93%
Unspecified	11.40	4.82%
	236.65	100.00%

Occupation	Total	%
Cloth Business Vendor	1.08	0.46%
Tailor	0.32	0.13%
Fish Vendor	0.56	0.24%
Agricultural Trading	40.45	17.09%
Services	14.07	5.95%
Petty Shop	14.89	6.29%
Mfg Of Flour & M.pwdr	1.07	0.45%
Others	130.90	55.31%
Agriculture	33.30	14.07%
Total	236.65	100.00%



2,366,475 ACTIVE MEMBERS EDUCATION WISE



Education	Total	%
Illiterate	138.62	58.57%
Esslc	56.84	24.02%
Sslc	32.26	13.63%
Hsc	6.52	2.75%
Graduate	2.42	1.02%
	236.65	100.00%







# Directors' Report

8





Dear Members,

Your Board of Directors takes pleasure in presenting the 13th Annual Report of **Asirvad Micro Finance Limited** (“Company”), together with the Audited Financial Statements for the year ended 31st March, 2020:

## Financial Highlights

(Rs. in Crores)

Particulars	Year ended 31 <sup>st</sup> March, 2020	Year ended 31 <sup>st</sup> March, 2019
Gross Income	1101.44	740.44
Total Expenditure	736.11	509.74
Profit before Tax	310.3	230.74
Tax Expenses net of Deferred tax	-74.97	-79.06
Profit after Tax	235.32	151.63
Appropriations		
Transfer to Statutory Reserve	47.06	30.32
Surplus in Profit & Loss	235.31	151.63

During the financial year ended 31st March, 2020, your Company recorded a turnover of Rs.1101.44 Crore as compared to the turnover of Rs.740.44 Crore recorded during the previous financial year ended 31st March, 2019. Revenue from operations for the year ended March 31, 2020 has increased by 53.80% over the corresponding period ended 31st March, 2019. The Net profit of your Company for the financial year ended 31st March, 2020 stood at Rs.235.10 Crore as against the Net Profit of Rs.151.85 Crore for the financial year ended 31st March, 2019. The Profit before tax for the financial year ended 31st March, 2020 reflects a growth of 58.35% over the corresponding Profit for the financial year ended 31st March, 2019.

Due to the worldwide spread of pandemic COVID-19 and taking advance measures to mitigate its future adverse impacts, the Company has made an additional provision of 1% of the total AUM of the Company amounting to INR 55.02 Crores during the year ended 31st March, 2020..

Further, during the year under purview, the Reserve Bank of India has issued a regulatory guidance dated 13th March, 2020 on Ind AS in order to promote consistency in the implementation Ind AS amongst NBFCs. In adherence to the said guidance, the Company has changed the accounting policy for the treatment of securitization transaction – PTC/ Direct Assignment and re-recognized its securitized assets back to the books & continue to keep its direct assignments off Balance Sheet. Due to the said change, there is an impact on the Profit after Tax of the year and the same is disclosed in the Financial Statements.

Following the aforesaid guidance of the regulator, the Company will maintain the uniformity and will adopt the same accounting policy for the treatment of securitization transaction – PTC/ Direct Assignment.

## Operational Highlights

Particulars	Financial Year 2020	Financial Year 2019	Change (%)
Number of Branches	1030	942	9.3
Number of Active Members (in Lakhs)	23.66	18.07	31
Gross Loan Portfolio (in Crore)	5488	3,841	42.9
Number of Employees	6340	4,951	25.3
Total Disbursement (in Crore)	4661	4,285	8.8
No. of States (in Operation)	22	22	-

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

## Transfer to Reserve

As per the extent guidelines of Reserve Bank of India for NBFCs, the Company has proposed to transfer Rs. 4,706.58 Lakhs to the Statutory Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.



## Dividend

In order to augment capital as required for supporting the growth of the Company through retention of internal accruals, the Board of Directors has not recommended any dividend for the Financial Year 2019-20.

## Deposits

The Company is registered with Reserve Bank of India (RBI) as Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934 and classified as NBFC-MFI, effective from 4th October, 2013. The Board of Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without prior approval of Reserve Bank of India. Further, necessary documents has already been submitted before the Reserve Bank of India in this regard.

## RBI Regulations.

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

## Fund Allocation

**Total Borrowings.** The Company's overall borrowing as on 31st March, 2020 was Rs. 5435.43 Crore .

- i) Non-Convertible Debentures** During the year under review, your Company has raised funds of Rs.322.90 Crore through issue of Non-Convertible Debentures (NCDs) on private placement basis and outstanding NCDs as on March 31, 2020 was Rs. 689.95 Crore
- ii) Commercial Paper.** During the year, the Company had raised Rs.25 Crore through Commercial Papers (CPs) and outstanding CPs as on 31st March, 2020 is Rs.25 crore.
- iii) External Commercial Borrowing & Term Loan.** In the financial year ended 31st March, 2020, the Company has raised Rs.28.40 Crore through External Commercial Borrowing and Rs.3028.29 Crore as term loan.

## Subsidiary/Joint Venture/Associate Companies

The Company does not have any Subsidiary Company, Joint Venture and Associate Company during the Financial Year under review in terms of Companies Act, 2013 ("Act"). Further, the Company continues to remain the subsidiary of Manappuram Finance Limited, which holds 4,97,57,889 Equity Shares of Rs.10/- each aggregating to Rs.49,75,78,890/- constituting 93.33% of the Share Capital of the Company as on 31st March, 2020.

## Credit Rating

CARE has maintained the grading of your Company to "MFI 1", the highest in the industry. The bank loan rating is also upgraded to "AA-/ Stable" by CRISIL Ratings Limited & A+ (Stable) by CARE Ratings Limited. The Company has debt credit ratings as follows:

Credit Rating Agency	Instruments	Ratings
CRISIL	Non-Convertible Debentures	AA-/ Stable
CRISIL	Commercial Papers	AI+

## Capital Adequacy

Your Company being a Systemically Important Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company was required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the Non- Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2016 (as amended from time to time) based on total capital to risk weighted assets. As on March 31, 2020, the Company's total Capital Adequacy Ratio (CAR) stood at 25.37%, which is well above the regulatory minimum of 15%.

Out of the above, Tier I capital adequacy ratio stood at 24.31% and Tier II capital adequacy ratio stood at 1.06%.

## Share Capital

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

## Amendment in MOA of The Company

For enabling the Company to carry on and undertake business of other financing activities within the purview of the Reserve Bank of India regulations/ guidelines, the Board of Directors at their Meeting held on 23rd January, 2020 has accorded their consent for amending the Clause III (A) of the MOA of the Company, which was subsequently approved by the Members of the Company at their General Meeting held on 17th March, 2020.

Further, the aforesaid amendments are also approved by the Reserve Bank of India as well as Registrar of Companies, Chennai.



## Particulars of Loans, Gaurantees or Investments

The Company has not given any loans/guarantees and has not made any investment in securities as covered under Section 186 of the Companies Act, 2013.

## Related Party Transactions

During the financial year ended March 31, 2020, all transactions with related parties were in the 'ordinary course of business' or 'at an arm's length' basis. There were no material significant transactions with related parties, i.e. pecuniary transactions or relationships between the Company, promoters, Directors and the management during the financial year 2019-20 that may have potential conflict with the interest of the Company at large. Necessary disclosures as required in compliance with accounting standards with related parties are disclosed in notes forming part of the financial statements in the annual report.

Your Company has formulated a Policy on Related Party Transaction, which is available on the website of the Company at <https://asirvadmicrofinance.co.in/policy/>.

Further, all the related party transactions as entered into by the Company during the Financial Year 2019-20 were approved by the Audit Committee as well as by the Board of Directors, wherever required as per the provisions of the Companies Act, 2013 read with relevant rules made thereunder.

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

## Corporate Governance Report

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

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

## Material Changes and Commitments Affecting The Financial Position of The Company Which Have Occurred Between The End of Financial Year and The Date of The Report

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e March 31, 2020 and the date of the Director's Report

## Management Discussion and Analysis

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

## Particulars of Employees

The Company had 6340 employees (on a standalone basis) as on 31st March, 2020. Details of remuneration as required to be provided pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed herewith as Annexure- C

## Extract of Annual Return

As per the provisions of Section 92(3) of the Companies Act, 2013 read with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in Form MGT-9 is attached at "Annexure- D" and forms an integral part of this report. Further, the extract of Annual Return is available on <https://asirvadmicrofinance.co.in/announcements/>

## Directors and Key Mangerial Personnel

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

As on 31st March, 2020, the Board had Eleven Directors which is combination of One Executive (Managing Director), Two Promoter Directors and Eight Non-Executive Directors. Out of Eight Non-Executive Directors, five are Independent Directors i.e. they do not have any material pecuniary relationship with the Company, its promoters or its management, which may affect the independence of the judgment of the Director. Your Company believes that a well-structured Board bring the better practices and governance based on the vast knowledge and experience of the Board Members.

## Appointment

During the year ended 31st March, 2020, the Board of Directors at their Meeting held on 23rd January, 2020 had considered and recommended the re-appointment of Mr. Ramanathan Annamalai as an Independent Director for a term up to 30th November, 2023, which was subsequently approved by the Members at their Extra Ordinary General Meeting held on 17th March, 2020.



In the opinion of the Board of Directors the aforesaid Independent Director is a person of integrity and possess the relevant expertise & experience. However, as the Ministry of Corporate Affairs has provided extension for registration in the Databank maintained by the institute in terms of Section 150 of the Companies Act, 2013, therefore the said Director has not appeared for the online proficiency self-assessment test.

Further, Mr. Subrata Kumar Satindra Mitra (DIN: 00029961) and Mr. Abhijit Sen (DIN: 00002593) were also appointed as Additional Directors at the Board Meeting dated 17th March, 2020, who shall hold office up to the ensuing Annual General Meeting of the Company. The Board of Directors after considering their independence and eligibility recommends their appointment as Independent Directors of the Company at the ensuing Annual General Meeting of the Company.

## Resignation/ Cessation

During the year under purview, Mr. Rajiven Vayalil Ravindran, the then Independent Director of the Company passed away on 19th October, 2019. He was on the board of the Company since 2015. The Board of Directors placed on record his immense contribution to the growth of the Company. Further, the Company had offered its heart-felt condolence to his family.

## Key Managerial Personnel

During the Financial Year ended 31st March, 2020, the appointment of Mr. Yogesh Ratnakar Udhoji as the Chief Financial Officer of the Company was approved by the Board of Directors at their Meeting held on 30th October, 2019 due to resignation of Mr. Mayank Shyam Thatte, the then Chief Financial Officer of the Company.

Further, in adherence to the Reserve Bank of India Circular No.RBI/2018-19/184 DNBR (PD) CC. No.099/03.10.001/2018-19 dated 16th May, 2019, the Board of Directors at their Meeting held on 23rd January, 2020 had appointed Mr. B. B. Vasudeva Rao as the Chief Risk Officer of the Company. Further, also designated as the Secretary of Risk Management Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnels of the Company as on 31st March, 2020 are:

- ▶ Mr. S.V. Raja Vaidyanathan, Managing Director;
- ▶ Mr. Yogesh Ratnakar Udhoji, Chief Financial Officer; and
- ▶ Mr. Anup Kumar Gupta, Company Secretary

## Director retiring by rotation

Mr. Gautam Rathindranath Saigal (DIN: 00640229), Director is liable to retire by rotation in terms of provision of the Companies Act, 2013 at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment.

## Committees of The Board

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

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

## Declaration From Independent Director

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

Further, the Company has also received undertaking and declaration from each Director of the Company on fit and proper criteria in terms of the provisions of Corporate Governance (Reserve Bank) Directions, 2015.

## Independent Director's Meeting

During the year, a meeting of Independent Directors was held on 17th March, 2020 as required under Companies Act, 2013 and in compliance with requirement of Schedule IV of the Act to consider the matters specified therein.

## Risk Management

The Company has adopted a well-defined process for managing its risks on an ongoing basis and for conducting the business in a risk conscious manner. The Company has structured a comprehensive risk management policy, under which the risks are identified, assessed, monitored and reported as a part of normal business practice. The Company has made from a state level risk matrix to district level, apply expansion to each district not greater than 1% of cap.

As the Reserve Bank of India guidelines, the Company is having in place Risk Management Committee ("RMC") who has overall responsibility for overseeing the risk management activities of the Company, approving measurement methodologies and appropriate risk management procedures across the organization. The Chief Risk Officer ("CRO") of the Company is the Secretary of the said Committee, who is responsible to review and manage potential risks which may arise from time to time and also submit his report before the RMC on quarterly basis.



Further, your Company is also having its specific team fully dedicated to assess the risk factors affecting the operations of the Company and to identify the tools for mitigating such risks as occurring from time to time. The said department periodically submit its report on the risk management to the aforesaid Committee.

## Corporate Social Responsibility

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

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

The Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013.

The CSR policy is available on <https://asirvadmicrofinance.co.in/csr-policy/>

## Auditors

### Statutory Auditors & their Report

Deloitte Haskins & Sells, Chartered Accountants, Chennai (FRN 008072S) were re-appointed at the 12th Annual General Meeting of the Company as Statutory Auditors of the Company for the period of one year i.e., FY 2019-20, which will expire at the ensuing Annual General Meeting. They are holding the office of Auditors since 2007 and are not eligible for re-appointment as Statutory Auditors as per provision of Section 139 of the Companies Act, 2013.

Further, the Board of Directors is extending the words of appreciation and humble gratitude for all the support, guidance and co-operation, the Management has received from the Statutory Auditors during their tenure of ten Financial Years.

Now, the Board of Directors has considered the recommendation of the Audit Committee and thereafter proposed the appointment of Walker Chandiook & Co. LLP (Firm Registration No. 001076N/N500013) as the Statutory Auditors of the Company for a term of five years in terms of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and which will be placed before the Members at the ensuing Annual General Meeting of the Company for the necessary approval.

Further, the Company has received necessary written consent and certificate under Section 139 of the Companies Act, 2013 from them to the effect that their appointment, if made, shall be in accordance with the conditions specified therein and they satisfies the Criteria as prescribed in Section 141 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

The Statutory Auditor's Report do not contain any qualification, reservation, or adverse remarks.

### Secretarial Auditor & their Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Board at its meeting held on 13th May, 2019 appointed Mr. S. Hari, Practicing Company Secretary (Certificate of Practice No. 4276) as the Secretarial Auditor of the Company, to conduct the Secretarial Auditor for the financial year ended March 31, 2020.

The Secretarial Audit Report as received in the prescribed Form No.MR-3, do not contain qualification, reservation, or adverse remarks. The Secretarial Audit Report for the Financial Year 2019-20 is appended as Annexure- F to this report.

Now, the Board of Directors on the recommendation of Audit Committee has re-appointed Mr. S. Hari, Practicing Company Secretary (Certificate of Practice No. 4276) as the Secretarial Auditor of the Company for the Financial Year 2020-21.

### Internal Audit

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

## Non-Applicability of Maintenance of Cost Records.

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

## Frauds Reported by Auditors

During the year under review, no fraud has been reported neither by the Statutory Auditor nor Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013 against the Company by its officer or employees.



## Directors' Responsibility Statement

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

- i. In the preparation of the Annual Accounts for the year ended 31st March, 2020, the applicable accounting standards as set out with the requirements under Schedule- III of the Act, had been followed with the proper explanation relating to material departures for the same.
- ii. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and the profit and loss of the Company for the year ended on that date.
- iii. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. They have prepared the annual accounts on a going concern basis and
- v. They have laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## Meetings of The Board of Directors

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

## Annual Performance Evaluation

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

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

## Company's Policy on Director's Appointment, Remuneration and Other

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

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

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

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

## Internal Control System and Their Adequacy

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control is commensurate with the size and nature of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with company's policies. However, no material weakness observed by the Company.

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

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

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





Furthermore, during the Financial Year 2019-20, KPMG Private Limited was also appointed for the Special Audit of the Company and the report of the said auditor along with the management responses were also placed before the Audit Committee on quarterly basis.

## Dematerialisation of Shares

As on 31st March, 2020, all the shares held by the Shareholders are in Demat form.

## Vigil Mechanism / Whistle Blower Policy

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

## Credit Bureau Subscription

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

## Fair Practice Code

RBI had been issuing revised Fair Practices Code guidelines from time to time and your Company has adhered to all of them without any compromise. The new Fair Practices Code, Code of Conduct, Code of Ethics and Grievance Redressal Mechanism which have been approved by the Board are displayed prominently in all the branches of your Company.

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

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

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

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

Option granted	8,30,000 Options
Options vested	
Options exercised	-
The total no. of shares arising as a result of exercise of option.	-
Option lapsed	-
The exercise price	Rs.364/ per option/ equity
Variation of terms of option	-
Money realized by exercise of options	-
Total no. of options in force	-
Employee wise details of options granted to:-	-
a) KMP	60,000
b) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.	Nil
c) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil

## Energy Conservation, Technology Absorbtion and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (accounts) Rules, 2014, your Company had not engaged in any activity relating to consumption of energy or technology absorption. Your Company had no income or expenditure in foreign currency.



## Secretarial Standards of ICSI

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

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

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

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

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

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

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

## Regulatory Actions

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

## Acknowledgement

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

We are grateful for the continuous confidence and faith shown by the promoters of the Company. Your Directors appreciate and value the contribution made by the employees of Asirvad Family.

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

(V. P. Nandakumar)  
Chairman  
DIN: 06897569

(S. V. Raja Vaidyanathan)  
Managing Director  
DIN: 01467098

Date: 12th May, 2020  
Place: Chennai



## Annexure – A

### Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2020, which were not at arm's length basis.

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

Following contracts or arrangements or transactions are entered during the year ended March 31, 2020

Name of the Related Party and Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the Contract/ Arrangement/ Transaction	(Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any	Value of Transaction or Amount paid as advances, if any (in Lakhs)
Manappuram Comptech and Consultants Limited (Fellow Subsidiary)	For availing non-exclusive license to use the later Company's Litigation Management Solutions Software i.e., "JUS SUIT" including modules and to avail such other services as required	As per Agreement	As per the Software License Agreement dated 5 <sup>th</sup> October, 2019	04.11.2019	15.78
Manappuram Comptech and Consultants Limited	For availing Software modules i.e., "Paperless Office Modules" and to avail such other services	As per Agreement	-	17.03.2020	
Managing Director is related with this Company.	Payment of rent for the Registered Office of the Company to Proficient Investment Financial Consultancy Pvt Ltd	As per Agreement	-	Audit Committee – 13.05.2019	4.96

For and on behalf of the Board of Directors

**ASIRVAD MICRO FINANCE LIMITED**

(V. P. Nandakumar)  
Chairman  
DIN: 06897569

(S. V. Raja Vaidyanathan)  
Managing Director  
DIN: 01467098

Date: 12th May, 2020  
Place: Chennai





## CORPORATE GOVERNANCE REPORT

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

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

### RBI Guidelines on Corporate Governance

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

### Company's Philosophy on Corporate Governance

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

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

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

### Board of Directors

As at March 31, 2020, your Company’s Board consists of 11 (Eleven) members. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and Corporate Governance Directions issued by Reserve Bank of India.

### Composition and Category of Directors:

Name of Director	Category	Designation
Mr. V.P. Nandakumar	Non- Executive	Director (Chairman)
Mr. S.V. Raja Vaidyanathan	Executive	Managing Director
Mr. B.N. Raveendra Babu	Non- Executive	Director
Mr. Gautam Saigal	Non- Executive	Director
Mr. T. Balakrishnan	Non- Executive	Independent Director
Mr. A. Ramanathan	Non- Executive	Independent Director
Mr. V.R. Rajiven*	Non- Executive	Independent Director
Mr. Desh Raj Dogra	Non- Executive	Independent Director
Mr. T.M. Manoharan	Non- Executive	Independent Director
Ms. Pushya Sitaraman	Non- Executive	Independent Director
Mr. Subrata Kumar Atindra Mitra	Non- Executive	Additional Director
Mr. Abhijit Sen	Non- Executive	Additional Director

\*Demise of Mr. V.R. Rajiven on October 19, 2019



## Meetings of the Board

During the year, the Board met 7 (Seven) times on the following dates:

S. No.	Date of Meeting
1	Monday, 13th May, 2019
2	Thursday, 8th August, 2019
3	Wednesday, 30th October, 2019
4	Monday, 4th November, 2019
5	Thursday, 23rd January, 2020
6	Wednesday, 4th March, 2020
7	Tuesday, 17th March, 2020

**Attendance during the financial year 2019-20 of each Director at the Board Meetings as well as previous Annual General Meeting are as follows:**

Sl. No.	Name of the Director	Category	Attended (Board Meeting)	Attended last AGM held on 8th August, 2019
1	Mr. V.P. Nandakumar	Chairman	6	No
2	Mr. S.V. Raja Vaidyanathan	Managing Director	6	Yes
3	Mr. B.N. Raveendra Babu	Director	7	Yes
4	Mr. Gautam Saigal	Director	6	Yes
5	Mr. T. Balakrishnan	Independent Director	7	Yes
6	Mr. A. Ramanathan	Independent Director	7	Yes
7	Mr. V.R. Rajiven*	Independent Director	2	Yes
8	Mr. Desh Raj Dogra	Independent Director	6	Yes
9	Mr. T.M. Manoharan	Independent Director	7	No
10	Ms. Pushya Sitaraman	Independent Director	5	Yes
11	Mr. Subrata Kumar Atindra Mitra	Additional Director	1	-
12	Mr. Abhijit Sen	Additional Director	1	-

\*Demise of Mr. V.R. Rajiven on October 19, 2019

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

## Separate meetings of the Independent Directors

A Separate Meeting of Independent Directors was held on Tuesday, 17th March, 2020 without the presence of non-independent directors and members of management. All the Independent Directors attended the meeting and:

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

## Committees of the Board

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

### Audit Committee

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



The Audit Committee met on the following dates during the financial year 2019-20:

S. No.	Date of Meeting
1	Monday, 13th May, 2019
2	Thursday, 8th August, 2019
3	Monday, 4th November, 2019
4	Thursday, 28th November, 2019
5	Thursday, 23rd January, 2020
6	Tuesday, 17th March, 2020

Composition of the Audit Committee as on 31st March, 2020 are as follows:

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

### Nomination and Remuneration Committee

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

- To identify persons who are qualified to become Directors and also who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- To formulate the criteria for performance evaluation of Independent Directors and the Board;
- To carry out performance evaluation of Independent Directors along with the Board as a whole;
- To evaluate the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate Directors.

The Nomination and Remuneration Committee met on the following dates during the financial year 2019-20:

S. No.	Date of Meeting
1	Monday, 13th May, 2019
2	Thursday, 8th August, 2019
3	Thursday, 23rd January, 2020
4	Tuesday, 17th March, 2020

Composition of the Nomination and Remuneration Committee as on 31st March, 2020 are as follows:

Name of the Director	Category
Mr. T. Balakrishnan	Chairman, Independent Director
Mr. A Ramanathan	Member, Independent Director
Mr. Gautam Saigal	Member, Non- Executive
Mr. B.N. Raveendra Babu	Member, Director

### Corporate Social Responsibility Committee

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

The Corporate Social Responsibility Committee met two times on 13th May, 2019 and 23rd January, 2020, during the financial year 2019-20



Composition of the Corporate Social Responsibility Committee as on 31st March, 2020 are as follows:

Name of the Director	Category
Mr. T. M. Manoharan	Chairman, Independent Director
Mr. S.V. Raja Vaidyanathan	Member, Executive Director
Mrs. Pushya Sitaraman	Member, Independent Director

### Borrowing & Securities Allotment Committee

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

The Borrowing & Securities Allotment Committee met on the following dates during the financial year 2019-20:

01.04.2019	21.06.2019	29.07.2019	01.10.2019	31.12.2019
24.04.2019	24.06.2019	01.08.2019	17.10.2019	17.01.2020
01.05.2019	27.06.2019	13.08.2019	29.10.2019	05.02.2020
25.05.2019	06.07.2019	22.08.2019	30.10.2019	13.02.2020
08.06.2019	11.07.2019	28.08.2019	27.11.2019	02.03.2020
12.06.2019	17.07.2019	24.09.2019	21.12.2019	-

Compositions of the Borrowing Committee as on 31st March, 2020 are as follows:

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

### Risk Management Committee and Asset Liability Management Committee

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

The Risk Management Committee met one time on December 21, 2019 during the financial year 2019-20:

Compositions of the Risk Management Committee as on 31st March, 2020 are as follows:

Name of the Director	Category
Mr. Gautam Saigal	Chairman, Non- Executive Director
Mr. S. V. Raja Vaidyanathan	Member, Executive Director
Mr. T.M. Manoharan	Member, Independent Director
Mr. D.R. Dogra	Member, Independent Director
Mr. Abhijit Sen	Member, Additional Director
Mr. B. B. Vasudeva Rao	Member cum Secretary of the Committee, Chief Risk Officer

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





During the financial year 2019-20, the Asset Liability Committee met eight times on following dates during the year under review

26.04.2019	01.06.2019	28.06.2019	20.07.2019
13.09.2020	11.10.2019	02.12.2019	05.03.2020

Compositions of the Asset Liability Committee as on 31st March, 2020 are as follows:

Name of the Director	Category
Mr. S.V. Raja Vaidyanathan	Chairman, Executive Director
Mr. S. Ramachandran	Member, COO
Mr. Yogesh Udhoji	Member, CFO and Secretary of the Committee

## IT Strategy Committee

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

During the financial year 2019-20, the IT Strategy Committee met three times on 16th April, 2019, 16th October, 2019 and 12th November, 2019.

Compositions of the IT Strategic Committee as on 31st March, 2020 are as follows:

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

## Management Committee

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

During the Financial Year, the said Committee met for two times i.e., on 12th July, 2019 and 16th October, 2019.

Further, the composition of Management Committee as on 31st March, 2020 are as follows:

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

## Remuneration to Directors

During the year ended 31st March, 2020, the Company has paid to all Independent Directors and Mr. Gautam Saigal, Non- Executive Director Commission of Rs.10,00,000/- each for the financial year 2018-19, except Ms. Pushya Sitaraman, Independent Director who was paid Commission amounting to Rs.1,58,904/- on pro-rata basis from the date of appointment i.e. for 58 days, apart from sitting fees paid for attending the Board and Committees Meetings.

## Details of General Meeting

During the financial year 2019-20, 12th Annual General Meeting was held on 8th August, 2019 and 2 (Two) Extra Ordinary General Meetings (EGM) were also held on 4th November, 2019 and 17th March, 2020. The details are given below:



Sl. No	Meeting	Date & Time	Venue
1	Annual General Meeting	8th August, 2019 at 4.00 P.M.	Hotel Radisson Blu, 53I, Chennai -Theni Hwy, Kannan Colony, Meenambakkam, Chennai-600016
2	Extra Ordinary General Meeting	4th November, 2019 at 12 Noon	Door No.9, 10th Floor, Club House Road, Anna Salai, Chennai- 600002
3	Extra Ordinary General Meeting	17th March, 2020 at 04.00 P.M.	Door No.9, 10th Floor, Club House Road, Anna Salai, Chennai- 600002

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

### General Shareholders Information as on 31st March 2020

Shareholding Category	No of Shares	Shareholding (%)
Body Corporate	4,97,57,889	93.33
Others	35,53,998	6.67
Total	5,33,11,887	100.00

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

(VP Nandakumar)  
Chairman  
DIN: 06897569

(SV Raja Vaidyanathan)  
Managing Director  
DIN: 01467098

Date: 12th May, 2020  
Place: Chennai



**Remuneration details of Directors, KMPs, and Employees**

Sl. No	Particulars	Disclosures								
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	123:1								
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<table border="1"> <thead> <tr> <th>KMP</th> <th>% increase in remuneration</th> </tr> </thead> <tbody> <tr> <td>MD</td> <td>46.76</td> </tr> <tr> <td>CFO</td> <td>57</td> </tr> <tr> <td>CS</td> <td>15</td> </tr> </tbody> </table>	KMP	% increase in remuneration	MD	46.76	CFO	57	CS	15
KMP	% increase in remuneration									
MD	46.76									
CFO	57									
CS	15									
3.	The percentage increase in the remuneration of employees in the financial year..	12%								
4.	The number of permanent employees on the rolls of the Company	6,206 employees as on March 31 2020.								
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The Average increase in the salary of the employees is 10.37 % in comparison from last financial year.								
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms remuneration is as per the remuneration policy of the Company.								

**Employees Employed Throughout The Financial Year and Drawing A Remuneration of 1.02 Crore or Above Per Annum:**

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 19-20
S. V. Raja Vaidyanathan	Managing Director	Appointed by Board for a term of three years till 30 <sup>th</sup> June, 2021.	65	29-08-2007	B. Tech (IIT Madras); MBA (IIM Calcutta), AICWAI & ACS Experience: 35 years	President Reliance Industries Limited	5.867	No	3.01 Crore

**Employees Employed for a Part of the Financial Year and Drawing a Remuneration of Not Less Than Eight Lakhs and Fifty Thousand Rupees Per Month**

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 19-20

NIL





## Remuneration Details of Top Ten Employees

Employee Name	Designation	Nature of Employment	Age	Date of joining	Qualification & Experience	Last Employment	% of equity shares held in the Company	Relative of any Director or Manager of the Company	Total Earnings FY 19-20
Ramachandran S	Chief Operating Officer	Full Time	54	2/5/2017	Chartered Accountant, B.com Experience – 28 yrs	People Combine	Nil	No	84,96,208/-
Anand Sharma	Chief Technology Officer	Full Time	48	1/12/2016	M.sc Computer Science Experience – 21 yrs	Equitas Small Finance Bank	Nil	No	76,12,600/-
Mayank Thatte S*	Chief Financial Officer	-	40	28-12-2017	Chartered Accountant Experience – 17 yrs	Karvy Financial Services	Nil	No	42,64,418/-
Bikram Mishra	Executive Vice President	Full Time	50	21-05-2018	Master Of Business Administration, Experience – 22 yrs	Equitas Small Finance Bank	Nil	No	38,59,004/-
Mahesh S G	Executive Vice President	Full Time	51	26-03-2019	Bachelor of Commerce Experience – 27 yrs	Vistaar Financial Services Pvt. Ltd	Nil	No	33,32,937/-
Radha Krishna Sarma G	Senior Vice President	Full Time	46	16-04-2018	Master of Arts, Experience- 20 yrs	Saija Finance Private Limited	Nil	No	33,23,994/-
Yogesh Ramakar Udhoji**	Chief Financial Officer	Full Time	49	16-09-2019	Chartered Accountant Experience- 19 yrs	Easy Home Finance Ltd	Nil	No	33,00,272/-
Sriram Balakrishnan	Senior Vice President	Full Time	52	15-02-2019	Master Of Business Administration Experience- 14 yrs	Western India Transport Finance Co Pvt Ltd	Nil	No	29,92,520/-
Mohammed Rahamatullah	Senior Vice President	Full Time	46	4/9/2018	Bachelor of Commerce Experience- 20 yrs	Smile Microfinance Limited	Nil	No	27,18,564/-
Moorthy Govindarajan	Vice President	Full Time	56	2/9/2016	Certified Associate of Indian Institute of Bankers Experience- 30 yrs	DBOI Business Services Private Limited	Nil	No	24,69,128/-

\*Resigned w.e.f 21/09/2019

\*\*Appointed as Chief Financial Officer w.e.f. 30/10/2019





## FORM NO. MGT-9

**EXTRACT OF ANNUAL RETURN***(as on Financial Year ended 31st March, 2020)*

Pursuant to Section 92 (3) of the Companies Act, 2013, and rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS		
1.	CIN	U65923TN2007PLC064550
2.	Registration Date	29/08/2007
3.	Name of the Company	ASIRVAD MICRO FINANCE LIMITED
4.	Category/ Sub-Category of the Company	Company Limited by Shares Indian Non-Government Company
5.	Address of the Registered Office & Contact details	1st Floor, Desabandhu Plaza, 47, Whites Road, Royapettah, Chennai- 600 014 Website: www.asirvadmicrofinance.co.in Ph. No: +91 44 3529 8128
6.	Address of the Corporate Office & Contact details	9th Floor, No 9, Club House Road, , Chennai-600002. Website: www.asirvadmicrofinance.co.in Ph. No: +91 44 3529 8128
7.	Whether listed Company	No
8.	Name, Address and Contact details of Registrar and Transfer Agent, if any	SKDC Consultants Limited Kanapathy Towers, 3rd Floor, I391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Phone: +91 422 6549995

ii. Principal Business Activities Of The Company			
All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-			
Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1.	Microfinance- Lending to microfinance borrowers through Joint Liability Group	MFI	91.52%

III. Particulars Of Holding, Subsidiary And Associate Companies					
Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	Manappuram Finance Limited	L65910K- L1992PLC006623	Holding	93.33	Section 2(46)



## IV. Share Holding Pattern

(Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>									
<b>I. Indian</b>									
Individual/ HUF	32,27,966	-	32,27,966	6.05	32,27,966	-	32,27,966	6.05	0
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Bodies Corp	4,97,57,889	-	4,97,57,889	93.33	4,97,57,889	-	4,97,57,889	93.33	0
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-
<i>Sub-total(A)(1):-</i>	5,29,85,855	-	5,29,85,855	99.38	5,29,85,855	-	5,29,85,855	99.38	0
<b>2. Foreign</b>									
NRIs-Individuals	-	-	-	-	-	-	-	-	-
Other-Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp.	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any Other...	-	-	-	-	-	-	-	-	-
<i>Sub-total(A)(2):-</i>	-	-	-	-	-	-	-	-	-
<b>B. Public Shareholding</b>									
<b>I. Institutions</b>									
Mutual Funds	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Central Govt	-	-	-	-	-	-	-	-	-
State Govt(s)	-	-	-	-	-	-	-	-	-
Venture Capital Funds	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-
FII's	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-	-
<i>Sub-total (B)(1)</i>	-	-	-	-	-	-	-	-	-
<b>2. Non Institutions</b>									
Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	15,848	-	15,848	0.03	15,848	-	15,848	0.03	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3,10,184	-	3,10,184	0.59	3,10,184	-	3,10,184	0.59	-
Others (Specify)	-	-	-	-	-	-	-	-	-
<i>Sub-total(B)(2)</i>	3,26,032	-	3,26,032	0.61	3,26,032	-	3,26,032	0.61	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>3,26,032</b>	<b>-</b>	<b>3,26,032</b>	<b>0.61</b>	<b>3,26,032</b>	<b>-</b>	<b>3,26,032</b>	<b>0.61</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>5,33,11,887</b>	<b>-</b>	<b>5,33,11,887</b>	<b>100</b>	<b>5,33,11,887</b>	<b>-</b>	<b>5,33,11,887</b>	<b>100</b>	<b>-</b>





## I. Share Holding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. S.V. Raja Vaidyanathan	31,27,966	5.87%	-	31,27,966	5.87%	-	-
2	Ms. Anjana Vaidyanathan	1,00,000	0.19%	-	1,00,000	0.19%	-	-
3.	Manappuram Finance Limited	4,97,57,889	93.33%	-	4,97,57,889	93.33%	-	-
<b>Total</b>		<b>5,29,85,855</b>	<b>99.39%</b>	<b>-</b>	<b>5,29,85,855</b>	<b>99.39%</b>	<b>-</b>	<b>-</b>

## II. Change in Promoter's Shareholding (Please Specify, if There is no Change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. S.V. Raja Vaidyanathan</b>				
	At the Beginning of the year	31,27,966	5.87	31,27,966	5.87
	Change during the year	-	-	-	-
	At the End of the Year	31,27,966	5.87	31,27,966	5.87
2	<b>Ms. Anjana Vaidyanathan</b>				
	At the Beginning of the year	1,00,000	0.19	1,00,000	0.19
	Change during the year	-	-	-	-
	At the End of the Year	1,00,000	0.19	1,00,000	0.19
3	<b>M/s. Manappuram Finance Limited</b>				
	At the Beginning of the year	4,97,57,889	93.33	4,97,57,889	93.33
	Change during the year	-	-	-	-
	At the End of the Year	4,97,57,889	93.33	4,97,57,889	93.33

## III. Shareholding Pattern of Top 10 Shareholders (other Than Director, Promoters and Holders of GDRs and ADRs)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. S. Gopinath</b>				
	At the Beginning of the year	16,277	0.03	16,277	0.03
	Change during the year	-	-	-	-
	At the End of the Year	16,277	0.03	16,277	0.03
2	<b>Mr. G Srikanth</b>				
	At the Beginning of the year	13,334	0.03	13,334	0.03
	Change during the year	-	-	-	-
	At the End of the Year	13,334	0.03	13,334	0.03
3	<b>Mr. S. Muthukumar</b>				
	At the Beginning of the year	14,023	0.03	14,023	0.03
	Change during the year	-	-	-	-
	At the End of the Year	14,023	0.03	14,023	0.03
4	<b>Mr. Tolerance Samuel</b>				
	At the Beginning of the year	8,139	0.02	8,139	0.02
	Change during the year	-	-	-	-
	At the End of the Year	8,139	0.02	8,139	0.02



#### IV. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Mr. V.P. Nandakumar</b>				
	At the Beginning of the year	1,43,391	0.27	1,43,391	0.27
	Change during the year	-	-	-	-
	At the End of the Year	1,43,391	0.27	1,43,391	0.27
2	<b>Mr. V.R. Rajiven</b>				
	At the Beginning of the year	7,709	0.01	7,709	0.01
	Change during the year	-	-	-	-
	At the End of the Year	7,709	0.01	7,709	7,709
3	<b>Mr. A. Ramanathan</b>				
	At the Beginning of the year	32,000	0.06	32,000	0.06
	Change during the year	-	-	-	-
	At the End of the Year	32,000	0.06	32,000	0.06
4	<b>Mr. Gautam Saigal</b>				
	At the Beginning of the year	40,993	0.08	40,993	0.08
	Change during the year	-	-	-	-
	At the End of the Year	40,993	0.08	40,993	0.08
5	<b>Mr. B.N. Raveendra Babu</b>				
	At the Beginning of the year	50,166	0.09	50,166	0.09
	Change during the year	-	-	-	-
	At the End of the Year	50,166	0.09	50,166	0.09
6	<b>Mr. S. V. Raja Vaidyanathan</b>				
	At the Beginning of the year	31,27,966	5.87	31,27,966	5.87
	Change during the year	-	-	-	-
	At the End of the Year	31,27,966	5.87	31,27,966	5.87
7	<b>Mr. Desh Raj Dogra</b>				
	At the Beginning of the year				NIL
	Change during the year				
	At the End of the Year				
8	<b>Mr. T.M. Manoharan</b>				
	At the Beginning of the year				NIL
	Change during the year				
	At the End of the Year				
9	<b>Ms. Pushya Sitaraman</b>				
	At the Beginning of the year				NIL
	Change during the year				
	At the End of the Year				
10	<b>Mr. S. K. Mitra</b>				
	At the Beginning of the year				NIL
	Change during the year				
	At the End of the Year				
II	<b>Mr. Abhijit Sen</b>				
	At the Beginning of the year				NIL
	Change during the year				
	At the End of the Year				



Sl. No.		Shareholding at the beginning		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
12	<b>Mr. Mayank Shyam Thatte*</b>				
	At the Beginning of the year			NIL	
	Change during the year				
	At the End of the Year				
13	<b>Mr. Yogesh Ratnakar Udhoji**</b>				
	At the Beginning of the year			NIL	
	Change during the year				
	At the End of the Year				
14	<b>Mr. Anup Kumar Gupta</b>				
	At the Beginning of the year			NIL	
	Change during the year				
	At the End of the Year				

\*Retired from the office of Chief Financial Officer w.e.f 21/09/2019

\*\*Appointed as Chief Financial Officer w.e.f. 30/10/2019

## V. Remuneration of Directors and Key Managerial Personnel:

### A. Remuneration Of Directors And Key Managerial Personnel:

Sl. No.	Particulars of Remuneration	Mr. S.V. Raja Vaidyanathan, Managing Director	Total Amount (In Rs.)
1	<b>Gross salary</b>		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,01,60,000	2,01,60,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- taxAct, 1961		
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission		
	- as % of profit	1,00,00,000	1,00,00,000
	- Others, specify...		
5	Others, please specify	-	-
	Total(A)	3,01,60,000	3,01,60,000
	Ceiling as per the Act	5 % of the net profit	

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Gautam Saigal	V.R. Rajiven	A. Ramanathan	D.R. Dogra	T.M. Manoharan	T. Balakrishnan	Pushya Sitaraman	S.K. Mitra	Abhijit Sen	Total Amount
<b>Independent Director</b>											
1	-Fee for attending Board/ Committee Meeting	-	75,000	4,80,000	2,95,000	1,95,000	3,05,000	1,70,000	25,000	25,000	15,70,000
	-Commission	-	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000	1,58,904	-	-	51,58,904
	-Others, please specify	-	10,75,000	14,80,000	12,95,000	11,95,000	13,05,000	3,28,904	25,000	25,000	67,28,904
<b>Non-Executive Director</b>											
2	-Fee for attending Board/ Committee Meeting	3,10,000	-	-	-	-	-	-	-	-	3,10,000
	Commission	10,00,000	-	-	-	-	-	-	-	-	10,00,000
	-Others, please specify	13,10,000	-	-	-	-	-	-	-	-	13,10,000
	<b>Total (B) = (I)+(2)</b>	<b>13,10,000</b>	<b>10,75,000</b>	<b>14,80,000</b>	<b>12,95,000</b>	<b>11,95,000</b>	<b>13,05,000</b>	<b>3,28,904</b>	<b>25,000</b>	<b>25,000</b>	<b>80,38,904</b>
<b>Total Remuneration</b>											
Overall Ceiling as per the Act _____ 1% of the net profit											

Note : Commission paid for FY 2018-19 during the year.

C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		Company Secretary	Chief Financial Officer	Chief Financial Officer	
	<b>Gross Salary</b>				
1	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	Anup Kumar Gupta	Mayank Shyam Thattre##	Yogesh Ratnakar Udhoji##	91,91,090
	(b) Value of perquisites u/s 17 (2) Income-tax Act, 1961	14,60,000	42,64,418	34,66,672	
	(c) Profits in lieu of salary under section 17(3) Income Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
	Others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	<b>Total</b>	<b>14,60,000</b>	<b>42,64,418</b>	<b>34,66,672</b>	<b>91,91,090</b>

Note : Remuneration paid during the FY 2019-20

# Retired from the office of Chief Financial Officer w.e.f 21/09/2019

## Appointed as Chief Financial Officer w.e.f. 30/10/2019





## VI. Indebtedness - Indebtedness of The Company Including Interest Outstanding/Accrued But Not Due for Payment

Rs. In Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.04.2019</b>				
i) Principal Amount	2,77,308.36	61,820.36	-	3,39,128.72
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,831.66	834.68	-	2,666.34
<b>Total (i+ii+iii)</b>	<b>2,79,140.02</b>	<b>62,655.04</b>	<b>-</b>	<b>3,41,795.06</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	3,71,655.82	44,950.00	-	4,16,605.82
* Reduction	2,44,041.60	64,294.31	-	3,08,335.91
<b>Net Change</b>	<b>1,27,614.22</b>	<b>19,344.31</b>	<b>-</b>	<b>1,08,269.91</b>
<b>Indebtedness at the end of the financial year 31.03.2020</b>				
i) Principal Amount	4,04,575.17	42,794.28	-	4,47,369.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,179.07	516.45	-	2,695.52
<b>Total (i+ii+iii)</b>	<b>4,06,754.24</b>	<b>43,310.73</b>	<b>-</b>	<b>4,50,064.97</b>

## VII. Penalties/Punishment/Compounding of Offences:

Type	Section of the Companies Act	Brief description	Details of Penalty/Punishment /Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made. If any (give details)
<b>A. Company</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>B. Directors</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
<b>C. Other Officers in Default</b>					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

For and on behalf of the Board of Directors

**ASIRVAD MICRO FINANCE LIMITED**

(VP Nandakumar)  
Chairman  
DIN: 06897569

(SV Raja Vaidyanathan)  
Managing Director  
DIN: 01467098

Date: 12th May, 2020  
Place: Chennai





## Annual Report on Corporate Social Responsibility (CSR) Activities

### A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs:

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

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

Compositions of the Corporate Social Responsibility Committee are as follows:

Name of the Director	Category
Mr. T. M. Manoharan	Chairman, Independent Director
Mr. S.V. Raja Vaidyanathan	Member, Executive Director
Ms. Pushya Sitaraman	Member, Independent Director

- Average net profit of the Company for last three financial year : Rs.67,93,03,525
- Prescribed CSR Expenditure (two percent of the amount mentioned above) : Rs. 1,35,86,070
- Details of CSR spent during the Financial year 2019- 20

Total amount to be spent for the financial year 2019-20: Rs.1,35,86,070

Amount unspent, if any: Nil



Sl No.	CSR project or activity Identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Project or Programs wise (Rs.)	Amount spent on the projects or the programs Sub-heads (1) Direct expenditure on projects or programs- (2) Overheads (Rs.)	Cumulative expenditure up to the reporting period (Rs.)	Amount spent Direct or through implementing agency (Rs.)
1	Rural Development Projects, Eradicating Hunger, Poverty and Malnutrition	Health	Distribution of Relief Kit to Flood affected people Project implementation area: Karnataka and Maharashtra	19.5 Lacs (Nineteen Lacs and Fifty Thousand only). Entire fund disbursed to project implementation partner.	19.5 Lacs	19.5 Lacs	Amount spent by Manappuram Foundation
2	Promoting Education, including Special education, and employment enhancing vocation skills.	Skill Development	Manappuram Institute of Automotive (MA IAM) - Valapad. A Unit of Manappuram Foundation which offers to empower the youth with employable skills in the Automotive domain like auto body repair skilling. The courses are offered at subsidized rates and quality certified to ensure 100% placement. We have incurred various expenses towards setting up and regular operations of this Skilling unit.	55.5 Lacs (Fifty Five Lacs and Fifty Thousand only). Entire fund disbursed to project implementation partner.	55.5 Lacs	55.5 Lacs	Amount spent by Manappuram Foundation
3	Promoting Education, including Special education, and employment enhancing vocation skills.	Skill Development	Manappuram Coach India Entrance coaching (MAEC) - Palakkad. Entrance coaching (Engineering and Medical) at reasonable rate	32 Lakh (Thirty Two Lacs only). Entire fund disbursed to project implementation partner.	32 Lacs	32 Lacs	Amount spent by Manappuram Foundation
4	Women Empowerment	Women Empowerment	Donation paid to SREE NARAYANA SEVIKA SAMAJAM, ALUVA for the construction of building.	10 Lacs (Ten Lacs only). Entire fund disbursed to project implementation partner.	10 Lac	10 Lac	Amount spent by Manappuram Foundation
5	Preventive Health care	Health	Diabetic Medical Camps of 9 places for 134I beneficiaries @ 300 each	4 Lacs (Four Lacs only). Entire fund disbursed to project implementation partner.	4 Lac	4 Lac	Amount spent by Manappuram Foundation





Sl No.	CSR project or activity Identified	Sector in which the Project is covered	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) Project or Programs wise (Rs.)	Amount spent on the projects or the programs Sub-heads: (1) Direct expenditure on projects or programs- (2) Overheads (Rs.)	Cumulative expenditure up to the reporting period (Rs.)	Amount spent Direct or through implementing agency (Rs.)
6	Scholarship	Education	Scholarship under Student Scholarship Scheme	14 Lacs (Fourteen Lacs only). Entire fund disbursed to project implementation partner.	14 Lac	14 Lac	Amount spent by Asirvad Development Foundation
7	Medical Facility	Health	Medical aid for artificial limbs - through Dream Runners Foundation – Freedom Trust	1 Lakh (One Lakh only). Entire fund disbursed to project implementation partner.	1 Lakh	1 Lac	Amount spent by Asirvad Development Foundation
8	Promoting Education	Education	Entrepreneurship Training	6.00 lakh (Six Lakh only). Entire fund disbursed to trust	6 lakh	6 lakh	Manav Seva Dharma Samvardhani Trust
9	Eradicating hunger, poverty and malnutrition	Eradicating hunger, poverty and malnutrition	Food packets to people affected due to flood	5.56 lakh	5.56 lakh	5.56 lakh	Directly
<b>Total</b>						<b>147.56 lakh</b>	



Name of Trust	Address of Trust	Contact Person	Contact Info:
Asirvad Development Foundation	1 <sup>st</sup> Floor, Deshbandu Plaza 47, Whites Road, Royapettah Chennai-600 014, Tamil Nadu, India	Mr. Kannan J	e-mail: kannan@asirvad.in
Manappuram Foundation	1 <sup>st</sup> Floor, Above KSEB Office, Ummaih Complex, Chandapady, Valappad	Mr. Pavel Podder, CEO	Contact No. 7594810850, 7594810852; E-mail - mf@manappuramfoundation.org; contact@manappuramfoundation.org
Manav Seva Dharma Samvardhani Trust	391/I Venkatachalapathi Nagar, Alapakkam, Chennai - 600116	Ms. Latha Suresh, Secretary	info@msdstrust.org

**In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The Company has incurred more than 2 % of the average net profit of the last three financial years on CSR.

**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.**

We hereby affirm that the CSR policy, as approved by the Board of Directors, has been implemented and the CSR committee monitors the implementation of the CSR projects and activities in compliance with our CSR objectives.

S.V. Raja Vaidyanathan  
Managing Director  
DIN: 01467098

T. M. Manoharan  
Chairman of CSR Committee

Date : 12th May, 2020  
Place : Chennai



## Form No. MR-3

**SECRETARIAL AUDIT REPORT**  
(For the Financial Year ended 31st March, 2020)

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

To  
The Members,  
M/s. Asirvad Micro Finance Limited  
Deshbandhu Plaza, First Floor 47,  
Whites Road Chennai  
Tamil Nadu- 600014

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Asirvad Micro Finance Limited (hereinafter referred as the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.
2. Based on my verification of the Company’s books, papers, minute books forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the “Financial Year” ended on 31st March, 2020, (i.e. from 01st April, 2019 to 31st March, 2020) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of
  - A. The Companies Act, 2013 (the “Act”) and the rules made thereunder;
  - B. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
  - C. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - D. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - E. Reserve Bank of India - NBFC (Non-Banking Financial Companies) norms, directions, regulations, circulars etc.
  - F. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
    - a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and as amended from time to time;
    - b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
4. I have also examined compliance with the applicable clauses of the following:
  - (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).
  - (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with BSE Ltd.
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
6. I further report that, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records in pursuance thereof, on test check basis and on the basis of the management representation that the Company has complied with all the industrial specific applicable laws.
7. I further report that
  - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
  - (ii) Adequate notices are given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent in advance as required, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
  - (iii) All the decisions at the Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the respective meetings.



8. I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
9. I further report that during the audit period, the Company has undertaken the following reportable events:
- Members of the Company at the Extra-ordinary General Meeting held on 4th November, 2019 accorded their approval to the revision in remuneration of Mr. S.V Raja Vaidyanathan, Managing Director of the Company effective from April 1, 2019 for the FY 2019-20 u/s 197 of the Companies Act, 2013.
  - During the year ended 31st March, 2020, the Company issued and allotted the following Non-convertible Debentures:

S No.	Type of Debentures Allotted	Date of Allotment	No. Of Debentures
1.	2500 (Two Thousand and Five Hundred) Partly paid, Rated, Listed, Senior, Unsecured, Redeemable, Taxable, Non-convertible Debentures. (Part payment of principal)	24/04/2019 (Date of Payment)	2500
2.	100 (Hundred) Fully paid Rated, Listed, Senior, Unsecured, Redeemable, Taxable, Non-Convertible Debentures.	24/05/2019	100
3.	245 (Two Hundred and Forty Five) Secured, Rated, Listed, Redeemable, Principal Protected Market Linked Non-convertible Debentures	12/06/2019	245
4.	40000 (Forty Thousand) Fully paid, Unsecured, Senior, Rated, Listed, Redeemable, Taxable Non-convertible Debentures	30/05/2019	40,000
5.	10000 (Forty Thousand) Fully paid, Unsecured, Senior, Rated, Listed, Redeemable, Taxable Non-convertible Debentures	20/06/2019	10,000
6.	250 (Two Hundred and Fifty) Unsecured, Unsubordinated, Rated, Transferable, Redeemable Non-convertible Debentures	27/12/2019	250
7.	150 (One Hundred and Fifty) Unsecured, Unsubordinated, Rated, Transferable, Redeemable Non-convertible Debentures	30/12/2019	150
8.	700 (Seven Hundred ) Rated, Listed, Secured, Transferable, Taxable, Redeemable, Non-Convertible Debentures	09/03/2020	700

- Members of the Company at the Extra Ordinary General Meeting held on 17th March, 2020 accorded their approval to alter the Memorandum of Association u/s 13 of the Companies Act, 2013.
- Members of the Company at the Extra-ordinary General Meeting held on 17th March, 2020 accorded their approval to the Board to borrow by issue of Non-convertible debentures and commercial papers, for the purpose of Company's business, in the case of Non-convertible debentures upto an aggregate amount not exceeding Rs. 2000 Crore and in the case of commercial papers upto an aggregate amount not exceeding Rs. 500 u/s 42, 71 of the Companies Act, 2013.

Place: Chennai  
Date: 09.05.2020

sd/-  
S.Hari  
Company Secretary in Practice  
FCS No.821  
C P No. 4276



## APPENDIX – A

To  
The Members,  
M/s. Asirvad Micro Finance Limited  
Deshbandhu Plaza, First Floor 47,  
Whites Road Chennai  
Tamil Nadu- 600014

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

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

Place: Chennai  
Date: 09.05.2020

sd/-  
S.Hari  
Company Secretary in Practice  
FCS No.821  
C P No. 4276





# RAJASTHAN

आशीर्वाद माइक्रोफाइनॅस  
ने मेरे जीवन को छोटे दर्जी से बुटीक  
कंपनी के मालिक में बदल दिया।









# Management Discussion Analysis

9





## OPERATIONS

Asirvad Micro Finance Limited (AML) had formed considerable base in earlier years, which helped reach top 5 NBFC-MFIs in India in terms of Asset Under Management (AUM). During the year, AML had achieved multiple milestones of serving over 2 million clients, crossing INR 5,000 crore AUM, branches under operations crossed 1,000 branches and gross income exceeding INR 1,000 crores. As on March 31, 2020, AML operated 1,030 branches across 21 States and 3 Union Territories with presence in 312 districts, with clients of 2.3 million spread across over 2 lakh centres serviced by over 6,206 staff, majority of them in the field. By reducing the bank borrowing cost, AML had passed the benefits to its clients by way of reduction of 40 bps interest rates charged to 21.30% from 21.70%.

AML invested in upgradation of its technology to serve its clients faster and digitized its operations to reduce paper work. During mid-year, it has moved to 15,000 sq ft leased premises in Chennai to accommodate over 175 staff at its head office in line with the growth of the company.

### Operations Highlights

AML continued to achieve higher business volumes through its multi-state operations. It has disbursed INR 46,610 million to 1,189,594 clients during the year when compared to INR 42,860 million to 1,263,093 clients in previous year, a growth of 9% in value terms. AUM stood at INR 54,880 million as against INR 38,390 million, a growth of 43%. All India Business Operations is divided into two zones, five regions, 12 territories and 89 divisions. It has 10 States with more than INR 200 crore portfolio each and having more than 1 lakh members in such states. AML continued to follow its risk management practices of spreading its business risk across States and further getting into district level risk concentration during the year. It had also centralized exceptional loan approval at Head office for better control and supervision. During the latter part of the year, AML had upgraded its entire operations through e-on-boarding process of clients at their doorstep. Post upgradation, AML is targeting to reduce the loan offering services TAT from present seven days to five days. Further the entire loan documentation has been digitized to reduce paperwork and manual process.

Particulars (Rs. in Crores)	March 2020	March 2019	March 2018	March 2017	March 2016	March 2015	March 2014
Paid up Capital	53.31	53.31	32.07	26.28	26.27	20.76	8.07
Asset Under Management*	5502.64	3840.78	2437.20	1795.94	998.81	322.00	188.80
Borrowings (Rs. in Crores)	4500.65	3418.05	2400.77	1592.70	778.32	240.17	165.29
Total Revenue (Rs. in Crores)	1101.44	740.45	469.59	363.42	156.09	67.33	37.30
Profit after tax (Rs. in Crores)	235.33	151.64	(9.29)	34.34	23.96	10.40	4.70
Total Comprehensive Income (Rs. In Crores)	235.10	151.85	(9.06)	NA	NA	NA	NA
Total Assets (Rs. in Crores)	5912.46	4257.66	2705.63	1961.95	1044.61	368.81	215.44

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

### Key Ratios

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

### Assets Under Management

The loan approval process of Asirvad is decentralised, with set overall loan sanction limits, consideration of customer loan track and the loan cycle. During the year, Asirvad's microfinance loan book increased to Rs. 5,502.64 Crores from Rs. 3,840.78 Crores in the previous year. The increase in the loan book was Rs. 1,661.86 Crores which has been determined after taking into account loan repayments of Rs. 3,231.03 Crore (previous year Rs. 2,881 Crores) and loans written off during the year amounting to Rs. 1,614 Crores (previous year Rs. 55.2 Crores). The growth in the microfinance loan book, after adding back loans securitised in the preceding twelve months was 43.27%. During the year, Company expanded its lending activities by foraying into lending for MSME enterprises in select states against collateral of property. Loan book outstanding as at 31st March 2020 is Rs. 13,60 Cr. The company's old SME loan book stood at Rs. 1.11 crore as on 31st March 2020.

### Securitisation

During 2019-20, the company securitised its assets worth Rs. 1,865 Crore as against Rs. 1,803 Crore during the previous year. With securitisation, the company ensures broad basing of the borrowing profile and reduced cost of funds as the underlying assets rank for classification under priority sector lending by the Banks. The outstanding securitised assets portfolio stood at Rs. 1,676.58 crores as on March 31, 2020.



## Resource Mobilisation & Treasury Operations

The funding for the business is from an optimum mix of equity and debt. The company continues to follow the policy of diversification of funding sources. The Company has existing relationship with about 60 lenders across Banks, Financial Institutions, NBFCs and Overseas FII investors, who have sanctioned of Rs. 7,201 Crores (Including securitisation of Rs. 1,760 Crores undrawn sanction) during the year, out of which Rs. 5,441 Crore has been availed as on 31st March 2020. It includes Rs. 323 Crores of NCDs issued during the year.

The Funding mix of the company as on 31st March 2020 is given below

Term Loan	56%
Non convertible Debentures	6%
Securitization	34%
Commercial Paper	4%

## Investments:

The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in mutual funds and/or Fixed deposit with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short term instruments. As at March 31, 2020, the investment in Fixed deposits free of lien stood at Rs. 1128.08 Crores.

## Provision for Contingencies

During the year, the Company made a provision of Rs.185.10 Crores (previous year Rs. 53.87 Crores) excluding writeoff of Rs. 16.14 Crore through a charge to the Statement of Profit and Loss. The Provisioning is made higher than the amount to be provided for as per RBI norms which requires provisioning of 100% for assets falling due for more than 180 days.

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

## Outlook, Risks and Opportunities

During the end of the year, India went into a lockdown on account of Covid-19 pandemic. Implications of the pandemic will be across India, will impact the livelihoods and subsequently income of micro entrepreneurs/low income households. The duration of the pandemic and period of lockdown will determine the recovery cycle of the micro-finance industry. In the past, the Industry has seen black swan events like AP Crisis, demonetization etc and will hope that the industry will come to normalcy over a period of time. Digital collection is an opportunity where a client can pay her instalment through payment gateways other than cash. It will reduce cash carrying risk by staff and time to deposit in banks, provide more time for field operations and reduce cash misappropriation frauds. Asirvad would like to focus on various options to introduce cashless payment options. It will focus on development of Asirvad Digi-pay Application to facilitate such payment options.

# HUMAN RESOURCES

Asirvad is embarking on a new growth journey, with new aspirations and milestones. The Financial Year 2019-20 has been a very exciting period for Asirvad. Together as an organization, we continue to soar above challenges such as transformation, governance and several structural changes.

## Human Capital.

3324 candidates joined Asirvad family in FY 2019-20 and the total manpower strength stood at 6206 PAN India as on 31st March 2020, with 21 States, 2 Union Territories and 1044 branches. Asirvad closed more than 93% of all open positions through Internal Job Promotions (IJPs). For entry level hires, we have closed more than 35% of the open positions through employee referrals and remaining 55% through direct sourcing.

## Recruitment Through Train And Board Model

Asirvad has created Talent Transformation Team to hire entry level fresher in batches to on-board, train and deploy field employees across areas of operation using train & board integrated model.

## Employee Connect Initiatives:

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

**My HR Support:** All employees can write to MyHRSupport on their DICE (Doubts, Issues, Concerns and Escalation) which gets resolved in 72 business hours.

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

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

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



## Rewards And Recognition

Asirvad has launched employee recognition program called ICONS (Innovation, Collaboration, Outstanding, Networking and Strive) to recognise exceptional performances at the workplace.

## TRAINING

### DRIVE – Divisional Manager Training

DM Workshop was conducted at Hyderabad, Telangana in May 2019. It was a 5 day workshop with 78 Division managers across India, split into two batches.

### Area Managers workshop

Area Managers' Workshop was planned and conducted across India in June to August 2019 in 15 locations with 337 Area managers. It was designed and delivered by Training Team with the respective Zonal Heads and Training managers

### Other Traing Programmmes

Asirvad Training Team comprises of 20 Training managers and the team acts based on the business needs, the change in technology and to overcome the competitors by producing competitive employees.

The following are the training programmes conducted during this FY.

Activity	No of Programs	No of participants
Induction & Process Training	393	4340
FCE Training	10	133
MSME Training	6	102
Branch Manager Readiness Program	19	259
Software Training	104	3524
MSME Training	6	102
TTT Programme	3	69

### Learning Management System

As Asirvad is growing parallel to the technology, we have implemented a Learning Management System, in joint venture with “Sum total” recommended by Manappuram to make learning culture digitally in Asirvad. 42,474 courses have been completed by 6135 employees during this FY, with >95% course completion status.

### Certification Through On-Line Courses:

This year, we have launched various on-line courses for PG diploma certification courses in field of Finance, HR, Analytics, Cross Selling, Operation Management and 94+ employees have completed these certification courses successfully.

### Microfinance Certified Program (Prosper)

Prosper is a Training, Assessment and Certification program of Micro-credit Officers on Conduct with Customer. This program is developed by Banking Financial Services Insurance Sector Skills Council (BFSI-SSC) and Microfinance Institutions Network (MFIN) and with support from Ministry of Skill Development and Entrepreneurship (MSDE) under the Recognition of Prior Learning (RPL) scheme of Prime Minister Kaushal Vikas Yojana 2.0 (PMKVY 2.0). 4179+ staffs have been trained and certified on this program in FY 19-20.

## INFORMATION TECHNOLOGY

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

The IT infrastructure is created keeping following key factors:

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



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

- a) We had introduced Digital Onboarding of the Customers during this year. In this, the Field Officer will capture the data at the field itself which results in lesser time for onboarding the client and quicker disbursement of loans.
- b) A Customer App was designed and launched for the use of the Customers. The customers can know all the details about their loan i.e., payments made, outstanding loan amount, tenor of the loan etc from the Customer App.
- c) Till last year, the penetration of IT systems was restricted till Divisional Office, which supports around 12 branches. The distance between the Divisional Offices and the Branches were roughly around 50 to 60 kms. This year we had provided IT infrastructure to the Area Offices and each Area Office will cater for three branches. This has enhanced the productivity of the Operations Team.
- d) We were using the Loan Management System (LMS) provided by M/s. Craft Silicon India Pvt Ltd under SaaS model. As the company is growing in fast pace and considering the risks involved in management of data, it was decided to develop an inhouse LMS and the same is in progress. It is expected that the inhouse LMS will be implemented towards the end of FY 20.

The IT department at Asirvad continuously strives for upgrading the IT infrastructure to make Asirvad one of the best tech savvy organizations in the domain. Use of digital services (tablets & mobiles) for online – real time receipting & accounting, a robust, scalable & functionally rich lending software solution, an employee friendly software for Human Capital Management, effective Analytics and MIS for portfolio monitoring, highly secure & reliable network, a robust, scalable & functional rich financial accounting software to cater all financial reporting will help Asirvad in achieving its goal.

## INTERNAL AUDIT & CONTROLS

Audit plays an important role in streamlining the process in Asirvad Micro Finance and its ensure that the business operations are carried out as per the laid down policies of the company. As the proposed business plan of Asirvad encompasses expansion of business operations throughout the country and with the gradual increase in the strength of the Internal Audit team in Asirvad. Internal Audit team is not only to highlight the audit observations but also help the field level staff to rectify the mistakes and to ensure that similar mistakes are not repeated this will serve as a tool for the Internal Auditors and also would help the Operations Department to know the checks and balances being exercised and confirm that all the business operations of the company are carried out as per the laid down policies.

Audit and Internal Controls: The internal audit department we have two wings i.e. Audit Branch Operations and corporate audit, Audit operation taking care of branch audit functions and corporate audit cover the function of other department. Branch audit we have three type of audit 1. Pre disbursement audit 2. Post disbursement audit 3. Branch audit, in these three format of audit, auditors will cover the entire business process, and In addition, special Branch Audits are undertaken as and when required to meet specific requirements of the company

Based on their risk and occurrence the Internal Audit observations we are broadly categorized into four types of Alerts viz., Critical, High, Medium & Low and these are highlighted to the operations department for compliance. Compliance is critical to the Audit process, In order to ensure that the Branch and Divisional office staff understand the deficiencies and discrepancies regarding documentation, process of operation etc, and so compliance of the audit observations are mandatory for each Audit and observations

## RISK MANAGEMENT

Micro finance industry is in a most evolving stage in India carrying multiple risks and involve developing strategies to counter various emerging risks as well as key risks associated with any type of lending business. Asirvad is forefront in identifying and analysing the impact of internal and external risks with a special risk desk supporting various initiatives. Credit risk arising out of delinquencies on account of non-performing portfolio, operational risk arising out inadequate process or failed controls to predefined processes, liquidity risk impacting flow of funds to the organization and sector risk arising out political considerations, concentration risk arising out multiple players are some of the major risks faced by the every organisation.

The risk management framework is perhaps one of the most important parameters that define the success of financial services organisation. The risk management programme in the organisation establishes multiple process of identifying and assessing the major risks covering all areas of the institution's activities. This includes all activities geared toward meeting its strategic, operational, reporting and compliance objectives. The management then develops ways to manage and mitigate these risks by implementing a strong robust system of internal control. The management is accountable to the reporting to the board of directors its assessment of the institution's risk and its efforts to manage and mitigate the risk. The board of directors is responsible to ensure that the management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit functions as one of the board of director's responsibilities.

The Board of directors and its various sub-committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity risk management, interest rate risk, funding and capital planning, profit planning and growth projections, pricing, credit risk, portfolio risk management, operational and process risk management have also been reviewed from time to time and the sub-committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central Bank at periodic intervals.



# Independent Auditor's Report

10







## To The Members of Asirvad Microfinance Limited Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Asirvad Microfinance Limited (“the Company”), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note 50 to the Financial Statements, which describes that the potential impact of the COVID-19 pandemic on the Company’s financial performance and financial position are dependent on future developments, which are uncertain. Our opinion is not modified in respect of this matter

### Key Audit Matters

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

### Information Other than the Financial Statements and Auditor’s Report Thereon

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report, Management Discussion Analysis, Corporate Governance Report, Report on Corporate Social Responsibility and

Sl.No	Key Audit Matter	Auditor’s Response
01	<p><b>Provision for expected credit losses (ECL) on loans</b></p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company has considered the age of the receivables, current and anticipated future economic conditions of the customers in the sector in which they operate to estimate the probability of default in the future.</p> <p>The Company has also exercised its judgement in determination of management overlay at various asset stages considering the possible effects of the current uncertain economic environment arising out of the COVID 19 Pandemic.</p> <p>We identified provision for expected credit losses on loans as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p> <p>Refer Note No 7 to the audited financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures related to the provision for ECL on loans included the following, among others:</p> <p>We tested the design and operating effectiveness of controls over the (1) development of the methodology for ECL, including consideration of the current and estimated future economic conditions (2) completeness and accuracy of information used in the estimation of probability of default and (3) computation of ECL.</p> <p>In addition to above: We performed an overall assessment of the ECL provision levels at each stage including management’s assessment on Covid-19 impact to determine if they were reasonable considering the Company’s portfolio, risk profile, credit risk management practices and the macroeconomic environment;</p> <p>Obtained an understanding of the basis and methodology adopted by management to determine the probability of defaults for various stages/homogeneous segments and performed test checks;</p> <p>Assessed the data used in the computation of expected credit loss (including the data integrity of information extracted from the Company’s IT systems); Tested the arithmetical accuracy of the computation of provision for ECL on loans.</p>



The company's Board of Directors is responsible for the other Information. The other information comprises the information included in the Directors Report, Management Discussion Analysis, Corporate Governance Report, Report on Corporate Social Responsibility and Secretarial Audit Report but does not include the Financial Statements and our Auditor's Report thereon. These Reports are expected to be made available to us after the date of this Auditor's Report. Secretarial Audit Report but does not include the financial statements and our auditor's report thereon. These reports is expected to be made available to us after the date of this auditor's report.

- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors Report, Management Discussion Analysis, Corporate Governance Report, Report on Corporate Social Responsibility and Secretarial Audit Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



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

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

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

## Report on Other Legal and Regulatory Requirements

I. As required by Section 143(3) of the Act, based on our audit we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskin and Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**Ananthi Amarnath**

Partner

(Membership No: 209252)

(Unique Document Identification Number: 20209252AAAAFCI781)

Place: Chennai

Date: May 18, 2020



## Annexure “A” To The Independent Auditor’s Report

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **Asirvad Microfinance Limited** (“the Company”) as of 31 March 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskin and Sells**  
Chartered Accountants  
(Firm’s Registration No. 008072S)

**Ananthi Amarnath**  
Partner  
(Membership No: 209252)

Place: Chennai  
Date: May 18, 2020



(Unique Document Identification Number: 20209252AAAAFCI781)

## Annexure B To The Independent Auditor's Report

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

- i. In respect of Fixed Assets :
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi. Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Professional Tax, Income-tax, Goods & Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax, Professional Tax, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax which have not been deposited as on 31 March 2020 on account of disputes are given below :

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Amount Rs.in Lakhs)	Amount Unpaid (Amount Rs. in Lakhs)
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2015-16	1,124.50	899.60
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2016-17	1,978.91	1,583.13
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2017-18	1,521.37	1,217.10

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company does not have any borrowings from Government.
- ix. In our opinion and according to the information and explanations given to us, money raised by way of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised money by way of initial public offer/further public offer during the year.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year other than embezzlement of cash amounting to Rs. 59.78 Lakhs by employees in 15 of the branches of the Company (Refer note 44 to the Financial Statements) detected and appropriately dealt with by the Management.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskin and Sells**  
Chartered Accountants  
(Firm's Registration No. 008072S)

**Ananthi Amarnath**  
Partner

(Membership No: 209252)

(Unique Document Identification Number: 20209252AAAAFCI781)

Place: Chennai

Date: May 18, 2020

Independent Auditor's Report





# ODISHA

आशीर्वाद माइक्रोफाइनेंस” के एक छोटे से ऋण ने मेरे जैसे ग्रामीण लोगों के जीवन में एक बड़ा बदलाव किया है।







# Financial Statement

11



**Asirvad Microfinance Limited**  
**Balance Sheet as at 31 March 2020**

Particulars	Note No.	As at	As at	As at
		31 March 2020	31 March 2019	01 April 2018
		Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>I ASSETS</b>				
<b>I Financial assets</b>				
(a) Cash and cash equivalents	5	119,951.77	52,590.02	19,026.25
(b) Bank Balance other than (a) above	6	19,112.17	16,224.19	8,570.44
(c) Loans	7	434,327.51	349,904.85	235,209.72
(d) Loans given to staff - at amortised cost	7(a)	102.30	80.41	53.46
(e) Investments	8	5.00	5.00	5.00
(f) Other Financial assets	9	10,862.11	3,918.54	1,721.18
<b>2 Non-financial Assets</b>				
(a) Current tax assets (net)	10	1,544.24	1,466.86	817.43
(b) Deferred tax assets (net)	11	3,424.70	1,081.58	4,288.50
(c) Investment Property	12 (a)	8.64	8.64	8.64
(d) Property, Plant and Equipment	12 (b)	791.75	205.14	628.88
(e) Intangible assets	12 (c)	716.43	21.23	73.34
(f) Other non financial assets	13	398.93	259.33	160.39
<b>Total assets</b>		<b>591,245.55</b>	<b>425,765.79</b>	<b>270,563.23</b>
<b>II LIABILITIES AND EQUITY</b>				
<b>I Financial Liabilities</b>				
(a) Other Payables				
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	2,186.79	1,656.06	1,035.90
(b) Debt Securities	15	59,652.24	78,537.03	61,998.17
(c) Borrowings (other than debt security)	16	378,778.83	251,853.43	166,672.21
(d) Subordinated Liabilities	17	11,633.90	11,414.15	11,407.06
(e) Other Financial liabilities	18	3,962.12	887.00	525.57
<b>2 Non-financial Liabilities</b>				
(a) Provisions	19	374.31	236.48	184.29
(b) Other non-financial liabilities	20	30,705.48	739.78	576.25
<b>3 Equity</b>				
(a) Equity share capital	21	5,331.19	5,331.19	3,207.49
(b) Other equity	22	98,620.69	75,110.67	24,956.29
		<b>591,245.55</b>	<b>425,765.79</b>	<b>270,563.23</b>

See accompanying notes forming part of the financial statements

In terms of our report of even date attached  
For **Deloitte Haskins & Sells**  
Chartered Accountant

For and on behalf of **the Board of Directors of Asirvad Microfinance Limited**

**Ananthi Amarnath**  
Partner

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

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

Place : Chennai  
Date : 18 May 2020

**Yogesh Ratnakar Udhoji** **Anup Gupta**  
Chief Financial Officer Company Secretary

Place : Chennai  
Date : 12 May 2020



**Asirvad Microfinance Limited**  
**Statement of Profit and Loss for the year ended 31 March 2020**

Particulars	Note No.	For the Year Ended	For the Year Ended
		31 March 2020	31 March 2019
		Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>I Revenue from operations</b>			
Interest income	23	91,338.06	64,068.19
Net Gain on derecognition of Financial Instruments under amortised cost category	23 (a)	12,590.98	2,957.18
Dividend Income	23 (b)	947.06	507.64
Other operating income	24	629.84	1,157.47
<b>Total (I)</b>		<b>105,505.94</b>	<b>68,690.48</b>
<b>II Other Income</b>	25	4,638.46	5,354.18
<b>III Total Income (I + II)</b>		<b>110,144.40</b>	<b>74,044.66</b>
<b>IV Expenses</b>			
Finance cost	26	40,943.86	29,894.67
Impairment of financial instruments	27	9,234.97	2,841.96
Employee benefit expenses	28	15,015.83	11,348.19
Depreciation, amortization and impairment	12	714.45	588.50
Other expenses	29	7,702.60	6,301.11
<b>Total Expenses (IV)</b>		<b>73,611.71</b>	<b>50,974.43</b>
<b>V Profit before Exceptional Items and tax (III - IV)</b>		<b>36,532.69</b>	<b>23,070.23</b>
<b>VI Exceptional items</b>	27	5,502.64	-
<b>VII Profit before tax (V- VI)</b>		<b>31,030.05</b>	<b>23,070.23</b>
<b>VIII Tax Expense:</b>			
(1) Current tax	11.1	9,832.60	4,711.00
(2) Deferred tax	11.1	(2,335.35)	3,195.46
<b>IX Profit for the year (VII - VIII)</b>		<b>23,532.80</b>	<b>15,163.77</b>
<b>X Other Comprehensive Income</b>	22		
A (i) Items that will not be reclassified to profit or loss:			
Remeasurement gains and (losses) on defined benefit obligations (net)		(31.06)	32.71
(ii) Income tax relating to items that will not be reclassified to profit or loss	11.1	7.82	(11.46)
		<b>(23.24)</b>	<b>21.25</b>
<b>XI Total Comprehensive Income for the year (IX + X)</b>		<b>23,509.56</b>	<b>15,185.02</b>
<b>XII Earnings per equity share of Rs. 10 each</b>	31		
- Basic (Rs.)		44.14	35.86
- Diluted (Rs.)		44.14	35.86

See accompanying notes forming part of the financial statements

In terms of our report of even date attached  
For **Deloitte Haskins & Sells**  
Chartered Accountant

For and on behalf of **the Board of Directors of Asirvad Microfinance Limited**

**Ananthi Amarnath**  
Partner

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

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

Place : Chennai  
Date : 18 May 2020

**Yogesh Ratnakar Udhoji Anup Gupta**

Chief Financial Officer      Company Secretary

Place : Chennai  
Date : 12 May 2020



**Asirvad Microfinance Limited**  
**Statement of Cash Flow for the year ended 31 March 2020**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>A Cash flow from Operating Activities</b>		
<b>Profit After Tax</b>	<b>23,532.80</b>	<b>15,163.77</b>
Adjustments for:		
Depreciation/ Amortisation	714.45	588.50
Tax Expenses	7,497.25	7,906.46
Provision for Receivables under Financing Activity (Net)	14,737.61	2,841.96
Provision for Insurance claim receivable	86.31	273.12
Loss on Sale of Fixed Assets (Net)	(1.36)	2.20
Dividend Income	947.06	507.64
Finance Cost	40,943.86	29,894.67
Interest on Deposits	(1,968.94)	(1,381.03)
<b>Operating Profit before Working Capital Changes</b>	<b>86,489.04</b>	<b>55,797.29</b>
<b>Changes in Working Capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Bank Balance other than cash and cash equivalents	(2,887.98)	(7,653.75)
Receivables under Financing Activity	(99,160.27)	(117,537.09)
Loans given to staff	(21.89)	(26.96)
Other financial Assets	(6,409.72)	(2,082.47)
Other non financial assets	(135.29)	(108.03)
Adjustments for increase / (decrease) in Operating Liabilities:		
Trade Payables	530.73	620.16
Other financial Liabilities	2,957.75	121.02
Other non financial Liabilities	29,965.70	163.53
Other Provisions	141.29	52.19
<b>Cash Flow Generated from / (used in) Operations</b>	<b>11,469.36</b>	<b>(70,654.11)</b>
Interest Income on Deposits	1,435.09	1,280.53
<b>Net cash flow Generated from / (used in) operations</b>	<b>12,904.45</b>	<b>(69,373.59)</b>
Net Income Tax Paid	(9,910.00)	(5,360.43)
<b>Net Cash Generated from / (used in) in Operating Activities</b>	<b>2,994.45</b>	<b>(74,734.02)</b>
<b>B. Cash flow from Investing Activities</b>		
Proceeds from Sale of Fixed Assets	8.50	163.19
Capital Expenditure on Fixed Assets (including Capital Advances)	(2,010.63)	(275.84)
Dividend received	(947.06)	(507.64)
<b>Net Cash Flow Generated (used in) from Investing Activities</b>	<b>(2,949.19)</b>	<b>(620.29)</b>
<b>C. Cash flow from Financing Activities</b>		
Proceeds from Long-Term Borrowings-Term Loans	302,829.30	96,100.00
Repayment of Long-Term Borrowings-Term Loans	(116,935.69)	(97,342.70)
Interest paid on Term loans	(20,981.08)	(15,379.82)
Prepaid Processing Charges	(797.20)	222.35
Proceeds from Long-Term Borrowings-Debentures (net)	32,290.00	34,500.00
Repayment of Long-Term Borrowings-Debentures (net)	(47,283.00)	(21,907.00)
Interest paid on Debentures	(9,863.24)	(10,303.55)
Proceeds from securitisation borrowings	58,987.62	141,280.16
Repayment of securitisation borrowings	(118,053.81)	(54,961.51)
Interest paid on securitisation	(8,956.58)	(2,757.85)
Prepaid Processing Charges	(118.42)	83.09
Proceeds from Short-Term Borrowings - CP	21,973.42	31,000.00
Repayment of Short-Term Borrowings - CP	(24,644.92)	(27,522.25)
Repayment of Short-Term Borrowings - Cash Credit	(0.28)	0.28
Payments towards Finance Lease	(8.98)	(86.53)
Proceeds from Issue of Equity Shares	-	37,085.59
Other Interest and charges paid	(1,120.65)	(1,092.18)
<b>Net Cash Flow Generated from Financing Activities</b>	<b>67,316.49</b>	<b>108,918.08</b>



Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Net increase in Cash and cash equivalents (A+B+C)	67,361.75	33,563.77
Cash and cash equivalents at the beginning of the year	52,590.02	19,026.25
<b>Cash and Cash Equivalents at the end of the year</b>	<b>119,951.77</b>	<b>52,590.02</b>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per balance sheet (Refer Note 5.1)	119,951.77	52,590.02
	<b>119,951.77</b>	<b>52,590.02</b>
See accompanying notes forming part of the financial statements		
In terms of our report of even date attached For <b>Deloitte Haskins &amp; Sells</b> Chartered Accountant	For and on behalf of the Board of Directors of Asirvad Microfinance Limited	
<b>Ananthi Amarnath</b> Partner  Place : Chennai Date : 18 May 2020	<b>V P Nandakumar</b> Chairman (DIN No.00044512)	<b>S V Raja Vaidyanathan</b> Managing Director (DIN No.01467098)
	<b>Yogesh Ratnakar Udhoji</b> Chief Financial Officer	<b>Anup Gupta</b> Company Secretary
	Place : Chennai Date : 12 May 2020	



Asirvad Microfinance Limited

Statement of changes in equity for the year ended 31 March 2020

I. Equity Share capital

(Amount Rs. In Lakhs)

Particulars	Amount
Balance as at 1 April 2018	3,207.49
Changes in equity share capital during the year ended 31 March 2019	2,123.70
<b>Balance as at 31 March 2019</b>	<b>5,331.19</b>
Changes in equity share capital during the year ended 31 March 2020	-
<b>Balance as at 31 March 2020</b>	<b>5,331.19</b>

2. Other equity

(Amount Rs. In Lakhs)

	Reserves and Surplus							Total
	Statutory Reserve	Capital redemption reserve	Securities Premium	Share Option Outstanding	General Reserve	Retained earnings	Other Comprehensive Income	
<b>Balance as at 1 April 2018</b>	<b>1,679.97</b>	<b>500.00</b>	<b>20,849.00</b>	<b>13.00</b>	<b>35.93</b>	<b>1,856.56</b>	<b>21.83</b>	<b>24,956.29</b>
Total Comprehensive Income for the year	-	-	-	-	-	15,163.77	21.25	15,185.02
Securities Premium on equity shares issued during the year	-	-	34,961.89	-	-	-	-	34,961.89
Others	3,032.75	-	-	7.44	-	(3,032.72)	-	7.47
<b>Balance as at 31 March 2019</b>	<b>4,712.72</b>	<b>500.00</b>	<b>55,810.89</b>	<b>20.44</b>	<b>35.93</b>	<b>13,987.61</b>	<b>43.08</b>	<b>75,110.67</b>
Total Comprehensive Income for the year	-	-	-	-	-	23,532.80	(23.24)	23,509.56
Others	4,706.56	-	-	2.10	-	(4,708.20)	-	0.46
<b>Balance as at 31 March 2020</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>

See accompanying notes forming part of the financial statements

In terms of our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountant

Ananthi Amarnath

Partner

Place : Chennai

Date : 18 May 2020

For and on behalf of the Board of Directors of Asirvad Microfinance Limited

V P Nandakumar

Chairman

(DIN No.00044512)

S V Raja Vaidyanathan

Managing Director

(DIN No.01467098)

Yogesh Ratnakar Udhoji

Chief Financial Officer

Place : Chennai

Date : 12 May 2020

Anup Gupta

Company Secretary



## Asirvad Microfinance Limited

### Notes forming part of the Financial Statements for the year ended 31 March 2020

## 1 CORPORATE INFORMATION

Asirvad Microfinance Limited was incorporated in August 2007 under the provisions of Companies Act, 1956. The Company is a Non Banking Finance 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. The company provides collateral free product loans to the existing borrowers of small amount. The Company uses its branch infrastructure to market products to the members of the Joint Liability groups on behalf of other agencies for an agreed fee/commission.

The company also provides loans to Small and Medium Enterprises.

## 2 HOLDING COMPANY

The company become subsidiary company of Manappuram Finance Limited, after Manappuram Finance Limited acquired controlling stake in the company during the Financial Year 2014-15.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of Compliance

These financial statements (the 'financial statements') have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. Except for the changes below, the Company has consistently applied accounting policies to all periods.

- (a) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated.
- (b) Pursuant to the regulatory guidance on Ind AS issued by RBI dated 13 March 2020 to promote consistent Ind AS implementation among NBFCs, the Company has changed its policy on accounting for securitised assets and direct assignment transactions. The securitised assets which were hitherto, de-recognized in the books based on 'True Sale Criteria' prescribed by RBI, have now been re-recognised in the books along with interest income using effective interest rate as the company has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments'. Proceeds received from securitisation has been recognised as Borrowings (other than debt securities) and Interest thereon has been recognised as Finance cost.
- (c) In respect of Direct Assignment transactions, assets continue to be derecognized in the books as it fulfills "True Sale Criteria" prescribed by RBI and has transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments' and the gain on sale of assets arising from such direct assignment transactions, has been recognised at fair value of interest strip.

### 3.2 Basis of Preparation and Presentation of Financial Statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:



- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.3 Use of Estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 3.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (a) The Company calculates interest income by applying effective interest rate method 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 calculates interest income by applying effective interest rate method to the net amortised cost of the Financial assets. If the Financial Asset cures and is no longer credit impaired, the Company reverts to calculating interest income on gross basis.
- (b) Loan processing fee is recognized over the life of the loan on a proportionate basis. Loan processing fee of derecognised loan portfolio is recognised upfront.
- (c) Interest Income on securitized loans are considered at par with own loans and is also recognised under the Effective Interest Rate method. In case of Direct Assignment, company recognize the income upfront on the basis of fair value by discounting the entire interest strip (excess interest spread) of assigned portfolio.
- (d) Referral Fee income on marketing of products 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.
- (e) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (g) Dividend income from investments (other than equity shares) is recognized on actual realizations, as stipulated by RBI.
- (h) All other income is recognized on an accrual basis, when there is reasonable certainty in the ultimate realization / collection.

### 3.5 Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

### 3.6 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences.





## Retirement Benefit Costs and Termination Benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in the Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

## Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees upto the reporting date.

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

## Share-based payments of Company

The Company has formulated Employee Stock Option Schemes (ESOS) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The Scheme provide for grant of options to employees of the Company to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. The Employee Stock Option granted are accounted under the Fair Value Method stated in IND AS 102 "Accounting for Share Based Payments.

## Share-based payments of Holding Company

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Holding Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each period, the Holding Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, recognized in profit or loss such that the cumulative expense reflected the revised estimate, with a corresponding adjustment to equity-settled employee benefits reserve.

## 3.7 Taxation.

Income tax expense represents the sum of the tax currently payable and deferred tax.

### i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



## ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

### 3.8 Cash and Cash Equivalents (for purposes of Cash Flow Statement).

Cash and cash equivalent in the balance sheet comprise demand deposits with bank and Cash on hand, short-term deposits with an original maturity of three months or less including lien marked deposits with Banks and others with respect to loans availed by company. These balances are subject to an insignificant risk of changes in value.

Bank Balances include term deposits held with an original maturity more than 3 months and includes lien marked deposits with Banks and others with respect to loans availed by company/assets securitised.

### 3.9 Cash Flow Statement.

Cash flows are reported using the indirect method, whereby profit / (loss) after extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

### 3.10 Plant, Property and Equipment.

Furniture and Fixtures, Leasehold Improvements, Office Equipment, Vehicles, Computers and Others are stated at cost less accumulated depreciation and accumulated impairment losses. Costs comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from tax authorities), any attributable expenditure on making the assets ready for intended use.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the Written down value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Estimated useful lives of the assets are as follows:	
Particulars	Years
Furniture and Fixtures including AC and Electrical fittings	10
Leasehold Improvements	6
Office Equipment	5
Vehicles	8
Computers and others	6

Depreciable amount for assets is the cost of an asset, less its estimated residual value. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and expected residual value at the end of its life. Depreciation on tangible fixed assets has been provided on the Written Down Value Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary. Depreciation methods, useful lives and residual values are reviewed periodically including at each financial year end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.



### **3.11 Investment Property.**

Investment Properties are properties held to earn rentals and / or for capital appreciation. Investment properties are measured initially at cost, including transactions costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirement for cost model.

An Investment property is derecognized 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 profit or loss in the period in which the property is derecognized.

### **3.12 Intangible Assets.**

Intangible assets acquired separately Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a written down value basis over the estimated useful lives except for ROU asset where amortisation is recognised on straight line method. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on prospective basis.

Software is depreciated over the license period or 6 years, whichever is lower.

Right of Use asset is depreciated over the life of the lease.

An Intangible asset is derecognised on disposal or when no future economic benefits are expected from use of disposal. Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset as recognised in profit or loss when the asset is derecognised.

### **3.13 Impairment to Tangible and Intangible Assets.**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### **3.14 Provisions and Contingencies.**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**Contingent Liability and Assets.** Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) 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 not recognized in the financial statements since this may result in the recognition of income that may never be realized.



### 3.15 Financial Instruments.

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provision of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

#### Financial Assets

**Initial Recognition.** All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

**Subsequent measurement.** For the purpose of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost.

Debt instruments at fair value through other comprehensive income (FVTOCI).

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

Equity instruments measured at fair value through other comprehensive income (FVTOCI).

**Financial assets measured at amortised cost.** A 'debt instrument' is measured at amortised cost if both the following conditions are met:

- a) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Financial assets at fair value through profit or loss.** A financial asset (other than those stated as amortized cost) is subsequently fair valued through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Dividend income from these financial assets is included in other income.

**Derecognition of financial assets.** The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received or receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

#### Financial liabilities

**Initial Measurement.** Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts

**Subsequent Measurement.** Financial liabilities are subsequently carried at amortized cost using the effective interest method.

#### Impairment of financial assets

The Company recognises Impairment allowance for expected credit losses (ECL) on Financial Assets held at amortized cost. The Company also computes the provision for non-performing assets (NPA) as per IRAC norms of RBI. The higher of the two is recorded in the books.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e., all cash shortfalls).



Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date. The company assesses at each reporting date whether a financial asset (or a group of financial assets) such as loans and advances and security deposits held at amortised cost are tested for impairment based on evidence or information that is available without undue cost or effort. Lifetime Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition.

The company applies a three-stage approach to measuring expected credit losses (ECLs) for Loan Receivables. No ECL is recognised on equity investments.

### Measurement of ECLs

Expected Credit Loss is computed as follows =  $\text{Gross EAD} * \text{PD} * \text{LGD}$

The Exposure at Default (“EAD”) is an estimate of the exposure (gross carrying amount), at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments.

The Probability of Default (“PD”) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Loss Given Default (“LGD”) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the Exposure at Default .

To calculate the ECL, the Company assesses the possible default events of EAD at various Stages. The company has broadly followed the following approach to compute ECL.

The Advances exposure is broadly classified into 3 pools : MFI loans, SME and MSME. The EAD is categorised based on respective Past Due status as given below:

**Stage 1: 12-months ECL** All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company has assessed that all standard advances and advances upto 30 days default would fall under this category. For these assets, 12-month ECL are recognized and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance).

**Stage 2: Lifetime ECL – not credit impaired** Financial instruments that have had a significant increase in credit risk since initial recognition are classified under this stage. 30 Days Past Due upto 90 Days is considered as significant increase in credit risk and classified under this category. For these assets, lifetime ECL are recognized, but interest revenue is still calculated on the gross carrying amount of the asset.

**Stage 3: Lifetime ECL – credit impaired** All exposures greater than 90 Days Past due assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised. Interest revenue is recognized on actual realization in line with prudential norms.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial assets credit risk has increased significantly since initial recognition, by considering the change in the risk of defaults occurring over the remaining life of the financial assets.

Where there is significant change in macro- economic conditions warranting reassessment of credit risk and perceived likelihood of increased probability of loan defaults, company shall make such additional credit loss provisions in addition to ECL provisions as deemed fit by Audit committee

The measurement of ECL reflects:

- a) An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes
- b) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions.

**Write-off** Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the company determines that the borrower does not have the financial ability to repay the amounts subject to the write-off.

**Presentation of allowance for ECL in the statement of financial position.** Loss allowances for ECL in respect of Financial assets measured at fair value through Profit and Loss are presented as a deduction from the gross carrying amount of the assets in the statement of financial position.



### **3.16 Earnings per Share.**

Basic earnings per share is computed by dividing the profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### **3.17 Goods & Services Tax Input Credit.**

Goods & Service Tax Input Credit is accounted for in the books in the period when the underlying Goods and service received are accounted and when there is reasonable certainty in availing / utilizing the same.

### **3.18 Insurance claims.**

Insurance claims recoverable are accrued for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Claims pending settlement for more than a year are provided for.

### **3.19 Operating Cycle.**

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## **4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the application of the Company's accounting policies which is described in Note 3, the Management of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and 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 included in the following notes:

- (i) Useful lives of Property, plant and equipment (Refer Note 3.10)
- (ii) Assets and obligations relating to employee benefits (Refer Note 3.6)
- (iii) Valuation and measurement of income taxes and deferred taxes (Refer Note 3.7)
- (iv) Impairment of financial assets based on Expected Credit Loss model (Refer Note 3.15)



**Asirvad Microfinance Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2020

**5 Cash and cash equivalents**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Cash on hand	13.56	0.27	36.33
(b) Balances with Banks			
- In Current Accounts	7,129.33	6,589.75	8,615.57
- In Deposit Accounts - Not covered Under Lien	112,808.88	46,000.00	10,374.35
<b>Total</b>	<b>119,951.77</b>	<b>52,590.02</b>	<b>19,026.25</b>

5.1 Of the above, the balances that meet the definition of Cash and cash equivalents as per Ind AS 7 Cash Flow Statements is 119,951.77 52,590.02 19,026.25

**6 Bank Balance other than above**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Balances with Banks			
- In Deposit Accounts - Under Lien (Refer Note 6.1 below)	19,112.17	16,224.19	8,570.44
<b>Total</b>	<b>19,112.17</b>	<b>16,224.19</b>	<b>8,570.44</b>

**6.1 Deposit accounts under lien comprise of:**

Deposits amounting to Rs. 9,187.50 lakhs (As at 31 March 2019: Rs. 6,591.90 lakhs; As at 1 April 2018 : Rs.5,329.91 Lakhs) have been placed with certain banks for obtaining term loans.

Deposits amounting to Rs. 9,924.67 lakhs (As at 31 March 2019 : Rs. 9,632.29 lakhs; As at 1 April 2018:Rs. 3,240.53 Lakhs) placed as credit enhancement (cash collateral) towards securitization transactions.

**7 Loans (at Fair value through Profit and Loss) (Refer Notes below and Note 50)**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>A) (i) Secured and considered good</b>			
Loans	1,467.92	203.59	333.74
Less : Impairment loss allowance	80.01	87.73	73.70
<b>Sub Total</b>	<b>1,387.91</b>	<b>115.86</b>	<b>260.04</b>
<b>A) (ii) Unsecured and considered good, unless otherwise stated</b>			
Loans	451,369.70	355,383.57	243,099.94
Less : Impairment loss allowance	18,430.10	5,299.42	7,994.59
Less : Advance EMI's received	-	295.16	155.67
<b>Sub Total</b>	<b>432,939.60</b>	<b>349,788.99</b>	<b>234,949.68</b>
<b>Grand Total</b>	<b>434,327.51</b>	<b>349,904.85</b>	<b>235,209.72</b>

**7(a) Loans given to staff - at amortised cost**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Loans to Staff	102.30	80.41	53.46
<b>Grand Total</b>	<b>102.30</b>	<b>80.41</b>	<b>53.46</b>

(Amount Rs.in Lakhs)

7.1 Particulars	As on 31 March 2020	As on 31 March 2019	As on 01 April 2018
The Loan Receivables reflected above excludes microfinance loans assigned to a third party on securitization 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	107,246.23	28,733.89	32,206.82

**7.2 Disclosure requirements as per RBI circular dated March 13, 2020 having reference number RBI/2019-20/170 , DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as per para 2 of Prudential Floor of ECL**

**(a) 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	(Amount Rs.in Lakhs)
						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	432,679.32	9,860.06	422,819.26	4,198.59	5,661.47
	Stage 2	1,702.34	39.92	1,662.42	17.02	22.90
Non Performing Assets (NPA)						
Substandard	Stage 3	8,610.13	8,610.13	-	352.32	8,257.81
<b>Total</b>		<b>442,991.79</b>	<b>18,510.11</b>	<b>424,481.68</b>	<b>4,567.94</b>	<b>13,942.17</b>

**(b) As at 31 March 2019 (refer note below)**

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	(Amount Rs.in Lakhs)
						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	352,512.78	3,529.40	348,983.38	3,412.26	117.14
	Stage 2	1,017.38	43.59	973.79	10.17	33.42
Non Performing Assets (NPA)						
Substandard	Stage 3	1,814.16	1,814.16	-	127.62	1,686.54
<b>Total</b>		<b>355,344.32</b>	<b>5,387.15</b>	<b>349,957.17</b>	<b>3,550.05</b>	<b>1,837.10</b>



(c) As at 1 April 2018 (refer note below)

						(Amount Rs.in Lakhs)
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	236,823.00	2,382.11	234,440.89	2,366.68	15.43
	Stage 2	1,085.13	11.43	1,073.70	10.77	0.66
Non Performing Assets (NPA)						
Substandard	Stage 3	5,674.75	5,674.75	-	5,106.34	568.41
<b>Total</b>		<b>243,582.88</b>	<b>8,068.29</b>	<b>235,514.59</b>	<b>7,483.79</b>	<b>584.50</b>

Note: Since the on balance sheet loan portfolio as at 31 March 2019 and 1 April 2018 have been restated, the provision required as per IRACP norms is recomputed. Refer note 48

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

(A) As at 31 March 2020

					(Amount Rs.in Lakhs)
Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total	
i. Loans considered as Qualifying Assets	410,776.60	1,594.67	8,210.32	420,581.59	
ii. Loans considered as Non Qualifying Assets	21,902.72	107.67	399.81	22,410.20	
<b>Gross Carrying Amount of Loans</b>	<b>432,679.32</b>	<b>1,702.34</b>	<b>8,610.13</b>	<b>442,991.79</b>	
Less : Impairment loss allowance	9,860.06	39.92	8,610.13	18,510.11	
<b>Net Loans</b>	<b>422,819.25</b>	<b>1,662.42</b>	<b>-</b>	<b>424,481.67</b>	

(B) As at 31 March 2019

					(Amount Rs.in Lakhs)
Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total	
i. Loans considered as Qualifying Assets	333,606.26	931.80	1,650.39	336,188.45	
ii. Loans considered as Non Qualifying Assets	18,906.52	85.58	163.77	19,155.87	
<b>Gross Carrying Amount of Loans</b>	<b>352,512.78</b>	<b>1,017.38</b>	<b>1,814.16</b>	<b>355,344.32</b>	
Less : Impairment loss allowance	3,529.40	43.59	1,814.16	5,387.15	
<b>Net Loans</b>	<b>348,983.38</b>	<b>973.79</b>	<b>-</b>	<b>349,957.17</b>	

(C) As at 01 April 2018

					(Amount Rs.in Lakhs)
Loan Receivables	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Total	
i. Loans considered as Qualifying Assets	225,342.47	1,039.49	5,406.17	231,788.13	
ii. Loans considered as Non Qualifying Assets	11,480.53	45.64	268.58	11,794.75	
<b>Gross Carrying Amount of Loans</b>	<b>236,823.00</b>	<b>1,085.13</b>	<b>5,674.75</b>	<b>243,582.88</b>	
Less : Impairment loss allowance	2,382.11	11.43	5,674.75	8,068.29	
<b>Net Loans</b>	<b>234,440.89</b>	<b>1,073.70</b>	<b>-</b>	<b>235,514.59</b>	

7.4 Reconciliation of impairment allowance on Loans (Also Refer Note 43.1)

Particulars	Amount Rs.in Lakhs
<b>Impairment allowance as at 1 April 2018</b>	<b>8,068.29</b>
Add: Impairment allowance provided in statement of Profit & Loss	2,841.96
Less: Impairment allowance Utilised for writing off Loss assets	5,523.10
<b>Impairment allowance as at 31 March 2019</b>	<b>5,387.15</b>
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>





7.5 As per RBI guidelines on Securitisation DNBR. PD. 008/03.IO.II9/2016-17 dated September 01, 2016 updated on April 16, 2019 the details of securitisation are given below:

Particulars	31 March 2020 Numbers/Amount (Rs.)	31 March 2019 Numbers/Amount (Rs.)	01 April 2018 Numbers/Amount (Rs.)
(i) No of SPVs sponsored by the NBFC for securitisation			
a.Through Direct assignment	13.00	4.00	1.00
b.Through PTC	17.00	14.00	8.00
<b>Total</b>	<b>30.00</b>	<b>18.00</b>	<b>9.00</b>
(ii) Total amount of securitised assets as per books of the SPVs Sponsored (Amount Rs.in Lakhs)			
a.Through Direct assignment	107,246.23	28,733.88	137.42
b.Through Pass through Certificates	60,412.09	118,101.63	31,850.12
<b>Total</b>	<b>167,658.33</b>	<b>146,835.51</b>	<b>31,987.54</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 (Amount Rs.in Lakhs)</b>			
First loss	-	-	-
a. Direct Assignment	-	-	-
a. Pass through Certificates	-	-	-
Others	26,929.02	17,841.73	5,164.00
(iv) Amount of exposures to securitisation transactions Other			
<b>a) Off-balance sheet exposures</b>			
<b>i) Exposure to own securitizations</b>			
First loss	-	-	584.97
a) Direct Assignment	-	-	-
b) Pass Through certificates	-	-	584.97
Others	-	-	-
<b>ii) Exposure to third party securitizations</b>			
First loss	-	-	-
Others	-	-	-
<b>b) On-balance sheet exposures</b>			
<b>i) Exposure to own securitizations</b>			
First loss	9,924.66	9,632.29	3,240.53
Others	-	-	-
<b>ii) Exposure to third party securitizations</b>			
First loss	-	-	-
Others	-	-	-

7.6 Details of Financial Assets sold to Securitisation Company

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019	For the Year ended 01 April 2018
	(Amount Rs.in Lakhs)		
<b>Total number of loan assets securitized during the</b>	<b>1,016,474.00</b>	<b>1,065,278.00</b>	<b>370,839.00</b>
a.Through Direct assignment (no. of accounts)	691,762.00	253,895.00	-
b.Through PTC (no. of accounts)	324,712.00	811,383.00	370,839.00
<b>Book value of loan assets securitized during the year</b>	<b>205,699.59</b>	<b>199,637.90</b>	<b>54,895.62</b>
a.Through Direct assignment	140,592.85	43,336.00	-
b.Through PTC	65,106.74	156,301.90	54,895.62
<b>Sale consideration received during the year</b>	<b>186,451.23</b>	<b>180,282.56</b>	<b>49,731.61</b>
a.Through Direct assignment	127,463.62	39,002.40	-
b.Through PTC	58,987.61	141,280.16	49,731.61
<b>MFI Loans Subordinated as Credit Enhancement on Assets Derecognised</b>	<b>19,248.36</b>	<b>19,355.34</b>	<b>5,164.01</b>
a.Through Direct assignment	13,129.23	4,333.60	-
b.Through PTC	6,119.13	15,021.74	5,164.01
Gain / (loss) on the securitization transaction recognised in	-	-	-
a.Through Direct assignment	-	-	-
b.Through PTC	-	-	-
Gain / (loss) on the securitization transactions deferred	-	-	-
a.Through Direct assignment	-	-	-
b.Through PTC	-	-	-
<b>Quantum of Credit Enhancement provided on the transactions in the form of deposits</b>	<b>9,924.66</b>	<b>9,632.29</b>	<b>3,240.53</b>
a.Through Direct assignment	-	-	-
b.Through PTC	9,924.66	9,632.29	3,240.53
<b>Quantum of Credit Enhancement as at year end</b>	<b>9,924.66</b>	<b>9,632.29</b>	<b>3,240.53</b>
a.Through Direct assignment	-	-	-
b.Through PTC	9,924.66	9,632.29	3,240.53
<b>Interest spread Recognised in the Statement of Profit and Loss during the Year</b>			
a.Through Direct assignment	12,590.98	2,957.18	147.12
b.Through PTC	-	-	2,068.57

8 Investments

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>Investments at Fair Value through other comprehensive income</b>			
(i) Equity instruments in India - Alpha Microfinance Consultants Private Limited	5.00	5.00	5.00
<b>Gross Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
Less : Allowance for impairment loss	-	-	-
<b>Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>



**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**9 Other financial assets**

Particulars	As at	As at	As at
	31 March 2020 Amount Rs.in Lakhs	31 March 2019 Amount Rs.in Lakhs	01 April 2018 Amount Rs.in Lakhs
(a) Security deposits	484.77	428.65	325.18
(b) Interest accrued on deposits with banks and others	1,240.07	706.22	605.72
(c) Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	15.00	15.00	15.00
(d) Retained Interest on Asset Assigned (Refer Note 48)	7,273.10	1,715.22	775.28
(e) Others	1,849.17	1,053.45	
<b>Total</b>	<b>10,862.11</b>	<b>3,918.54</b>	<b>1,721.18</b>

**I0 Current Tax Assets (Net)**

Particulars	As at	As at	As at
	31 March 2020 Amount Rs.in Lakhs	31 March 2019 Amount Rs.in Lakhs	01 April 2018 Amount Rs.in Lakhs
Advance Income Tax (Net of Provisions for taxation of Rs. 20,241.45 Lakhs as at 31 March 2020 ; Rs. 10,408.85 Lakhs as at 31 March 2019 and Rs. 5,697.85 Lakhs as at 1 April 2018)	1,544.24	1,466.86	817.43
<b>Total</b>	<b>1,544.24</b>	<b>1,466.86</b>	<b>817.43</b>

**II Deferred Tax Assets (Net)**

Particulars	As at	As at	As at
	31 March 2020 Amount Rs.in Lakhs	31 March 2019 Amount Rs.in Lakhs	01 April 2018 Amount Rs.in Lakhs
Deferred Tax Assets (Net) (Refer Note II.1)	3,424.70	1,081.58	4,288.50
<b>Total</b>	<b>3,424.70</b>	<b>1,081.58</b>	<b>4,288.50</b>



**Asirvad Microfinance Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2020

**II.1 Current Tax and Deferred Tax**

**(i) Income Tax Expense (Refer Note below)**

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Current tax in respect of current year	9,832.60	4,711.00
(b) Deferred tax relating to origination and reversal of temporary differences	(2,335.35)	3,195.46
<b>Total Tax Expense recognised in statement of profit and loss</b>	<b>7,497.25</b>	<b>7,906.46</b>

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

Particulars	For the Year ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Profit Before tax from Operations	36,532.69	23,070.23
Income Tax using the Company's domestic Tax rate #	9,195.28	8,061.66
Effect of Income Exempt from Tax	238.37	177.39
Effect of other permanent differences	(88.91)	(33.53)
Effect on utilisation of accumulated losses during the year	-	(299.06)
Effect of change in tax rate	(1,847.49)	-
<b>Income Tax recognised in the Statement of Profit &amp; Loss</b>	<b>7,497.25</b>	<b>7,906.46</b>

# The tax rate used for the FY 2019-2020 and 2018-2019 reconciliations above are the Corporate tax rate of 22% and 30% respectively, 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	For the Year ended 31 March 2020	For the year ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>Deferred Tax</b>		
Remeasurement of defined benefit obligation	7.82	(11.46)
<b>Total</b>	<b>7.82</b>	<b>(11.46)</b>

**(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance sheet (Refer Note below) :**

(Amount Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2020			
	Opening Balance	Charge/(Credit) recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets/deferred Tax liability :</b>				
Property, Plant and Equipment	260.80	210.19	-	50.61
Carried forward losses	-	-	-	-
Provision for Employee Benefits	286.76	101.36	7.82	193.17
Provision for Loan Receivables	1,341.38	(3,496.63)	-	4,838.01
Provision for Fraud Insurance Claim Receivable	124.23	21.19	-	103.04
Effective Interest Rate on Borrowings	120.86	(196.38)	-	317.24
Present Value Discounting of Security Deposit and Documentation Fee	127.16	(163.50)	-	290.66
Effect of implementation of Ind AS 116	-	(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>(2,335.35)</b>	<b>7.82</b>	<b>3,424.70</b>

(Amount Rs. in Lakhs)

Particulars	For the Year Ended 31 March 2019			
	Opening Balance	Charge/(Credit) recognised in		Closing Balance
		Recognised in profit and Loss	Recognised in OCI	
<b>Tax effect of items constituting deferred tax assets/deferred Tax liability :</b>				
Property, Plant and Equipment	199.11	(61.69)	-	260.80
Carried forward losses	1,143.46	1,143.46	-	-
Provision for Employee Benefits	241.12	(57.10)	(11.46)	286.76
Provision for Loan Receivables	2,776.88	1,435.50	-	1,341.38
Provision for Fraud Insurance Claim Receivable	22.57	(101.66)	-	124.23
Effective Interest Rate on Borrowings	87.35	(33.51)	-	120.86
Present Value Discounting of Security Deposit and Documentation Fee	86.29	(40.87)	-	127.16
Effective Interest Rate on PTC Loans	(268.28)	911.33	-	(1,179.61)
<b>Total</b>	<b>4,288.50</b>	<b>3,195.46</b>	<b>(11.46)</b>	<b>1,081.58</b>

**Note :**

The company elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance 2019. Accordingly the Company has recognized Provision for Income Tax for the Half year and Year ended 31 March 2020 and recognized its Deferred Tax Assets and Liabilities based on the rates prescribed in the aforesaid section. The impact of this change has been recognized in the Statement of Profit and Loss for the year ended 31 March 2020.



Asirvad Microfinance Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2020

12

A. Current period

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block		Amount Rs.in Lakhs	
		Balance as at 1 April 2019	Additions	Disposals	Balance as at 31 March 2020	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	As at 31 March 2020		Balance as at 31 March 2020
12 (a)	Investment Property										
1	Land	8.64	-	-	8.64	-	-	-	-	8.64	8.64
		<b>8.64</b>			<b>8.64</b>					<b>8.64</b>	<b>8.64</b>
12 (b)	Property, plant and equipment										
1	Computers	794.13	729.46	-	1,523.59	714.92	371.17	-	1,086.09	437.50	792.1
2	Furnitures & Fixtures	216.14	382.96	207.14	391.96	141.32	103.60	7.79	237.13	154.83	74.82
3	Leashold Improvements	0.97	170.01	-	170.98	0.95	58.59	-	59.54	111.44	0.02
4	Office Equipments	136.97	162.86	64.77	235.06	110.53	47.67	-	158.20	76.86	26.44
5	Vehicles	81.60	-	26.74	54.86	-	6.48	19.93	49.44	5.42	18.70
	- Owned	18.41	-	-	18.41	12.46	0.24	-	12.70	5.71	5.95
	- Taken under Finance Lease										
		<b>1,248.22</b>	<b>1,445.29</b>	<b>298.65</b>	<b>2,394.86</b>	<b>1,043.08</b>	<b>587.75</b>	<b>19.93</b>	<b>1,603.10</b>	<b>791.75</b>	<b>205.14</b>
12 (c)	Intangible assets										
1	Softwares	129.45	2.35	-	131.80	108.22	20.66	-	130.80	1.00	21.23
2	Right of Use Asset (Refer Note below)	-	827.34	-	827.34	-	111.91	-	111.91	715.43	-
		<b>129.45</b>	<b>829.69</b>	<b>-</b>	<b>959.14</b>	<b>108.22</b>	<b>132.57</b>	<b>-</b>	<b>242.71</b>	<b>716.43</b>	<b>21.23</b>
	<b>Grand Total</b>	<b>1,386.31</b>	<b>2,274.98</b>	<b>298.65</b>	<b>3,362.64</b>	<b>1,151.30</b>	<b>720.32</b>	<b>19.93</b>	<b>1,845.81</b>	<b>1,516.82</b>	<b>235.01</b>

B. Previous year (18-19)

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation			Net Block		Amount Rs.in Lakhs	
		Balance as at 1 April 2018	Additions	Disposals	Balance as at 31 March 2019	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	Balance as at 31 March 2019		Balance as at 01 April 2018
12 (a)	Investment Property										
1	Land	8.64	-	-	8.64	-	-	-	-	8.64	8.64
		<b>8.64</b>			<b>8.64</b>					<b>8.64</b>	<b>8.64</b>
12 (b)	Property, plant and equipment										
1	Computers	664.64	130.30	0.81	794.13	348.19	367.35	0.62	714.92	79.21	316.45
2	Furnitures & Fixtures	162.48	53.75	0.09	216.14	79.35	62.05	0.08	141.32	74.82	83.13
3	Leashold Improvements	0.97	-	-	0.97	0.77	0.18	-	0.95	0.02	0.20
4	Office Equipments	131.88	19.04	13.95	136.97	80.21	43.79	13.47	110.53	26.44	51.67
5	Vehicles	80.73	0.87	-	81.60	62.79	0.11	-	62.90	18.70	17.94
	- Owned	194.58	-	176.17	18.41	35.09	29.07	51.70	12.46	5.95	159.49
	- Taken under Finance Lease										
		<b>1,235.28</b>	<b>203.96</b>	<b>191.02</b>	<b>1,248.22</b>	<b>606.40</b>	<b>502.55</b>	<b>65.87</b>	<b>1,043.08</b>	<b>205.14</b>	<b>628.88</b>
12 (c)	Intangible assets										
1	Softwares	55.41	74.08	0.04	129.45	22.31	85.95	0.04	108.22	21.23	33.10
2	CWIP - Software	40.24	-	40.24	-	-	-	-	-	-	40.24
		<b>95.65</b>	<b>74.08</b>	<b>40.28</b>	<b>129.45</b>	<b>22.31</b>	<b>85.95</b>	<b>0.04</b>	<b>108.22</b>	<b>21.23</b>	<b>73.34</b>
	<b>Grand Total</b>	<b>1,330.93</b>	<b>278.04</b>	<b>231.30</b>	<b>1,377.67</b>	<b>628.71</b>	<b>588.50</b>	<b>65.91</b>	<b>1,151.30</b>	<b>226.37</b>	<b>702.22</b>

Note :

Effective 1 April 2019, the Company has adopted Ind AS 116, "Leases", and applied to its Lease Contracts existing as on 1 April 2019 using the modified retrospective approach and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, the comparatives for the year ended 31 March, 2019 have not been retrospectively adjusted. On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs. 299.95 Lakhs, lease liabilities amounting to Rs. 31.57 Lakhs and Rs. 1.62 Lakhs (debit) in retained earnings as at 1 April 2019. Further the carrying value of Right of Use ("ROU") and equivalent Lease Liability as at 31 March 2020 is Rs. 715.43 Lakhs and Rs. 810.96 Lakhs respectively.

**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**I3 Other non financial assets**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Deferred Lease rental	-	8.77	12.35
(b) Goods & service tax credit (input) receivable	38.71	5.50	4.14
(c) Prepaid expenses	202.18	236.30	99.50
(d) Capital Advances	4.31	-	9.09
(e) Opex Advances	153.73	8.76	35.31
	<b>398.93</b>	<b>259.33</b>	<b>160.39</b>



Asirvad Microfinance Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2020

14 Other Trade Payables

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	-	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,186.79	1,656.06	1,035.90
<b>Total</b>	<b>2,186.79</b>	<b>1,656.06</b>	<b>1,035.90</b>

14.1 There are no dues payable as at 31 March 2020, 31 March 2019 and 1 April 2018 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.

15 Debt securities (At Amortised Cost)

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>(a) Redeemable Non-convertible Debentures</b>			
- Secured	33,013.06	32,331.47	43,256.27
- Unsecured	24,348.97	41,243.85	17,257.94
<b>(b) Commercial Papers (Unsecured)</b>	2,290.21	4,961.71	1,483.96
<b>Total</b>	<b>59,652.24</b>	<b>78,537.03</b>	<b>61,998.17</b>
(i) Debt securities in India	56,881.96	78,537.03	61,998.17
(ii) Debt securities outside India	2,770.28	-	-
<b>Total</b>	<b>59,652.24</b>	<b>78,537.03</b>	<b>61,998.17</b>

15.1 Details of Debentures - Secured and Unsecured, Redeemable Non-convertible Debentures (NCD's)- Redeemable at par

The NCDs are secured by charge on specific loans of the Company.

No. of Debentures	Face value	Interest Rate	Due date of redemption	No. of instalments as at 31 March 2020	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
1,000	1,000,000	12.30%	9-Aug-23	1	10,000.00	10,000.00	10,000.00
700	1,000,000	12.53%	29-Mar-21	1	7,000.00	7,000.00	7,000.00
700	1,000,000	12.48%	7-Mar-25	1	7,000.00	-	-
500	1,000,000	13.00%	30-Jun-22	1	5,000.00	5,000.00	5,000.00
50,000	10,000	11.63%	30-May-24	1	5,000.00	-	-
330	1,000,000	13.25%	19-May-21	1	3,300.00	3,300.00	3,300.00
1,000	1,000,000	11.55%	27-Nov-20	3	2,500.00	5,833.34	9,166.67
245	1,000,000	11.00%	11-Dec-20	1	2,450.00	-	-
150	1,000,000	12.42%	28-Jun-23	1	1,500.00	1,500.00	1,500.00
150	1,000,000	13.00%	15-Jul-22	1	1,500.00	1,500.00	1,500.00
100	1,000,000	11.00%	21-May-21	1	1,000.00	-	-
350	1,000,000	11.43%	22-Jun-20	1	875.00	2,625.00	-
100	1,000,000	11.43%	22-May-20	1	250.00	750.00	-
350	1,000,000	13.00%	15-Jul-22	1	3,500.00	3,500.00	3,500.00
250	1,000,000	12.00%	27-Jun-22	1	2,500.00	-	-
150	1,000,000	12.00%	30-Dec-20	1	1,500.00	-	-
284	1,000,000	10.24%	3-Mar-25	3	2,840.00	-	-
2,500	1,000,000	11.50%	31-Mar-21	4	10,666.67	11,333.33	-
750	1,000,000	11.35%	30-Sep-19	0	-	1,250.00	3,750.00
1,500	100,000	11.45%	17-Apr-19	0	-	450.00	1,500.00
15	10,000,000	13.50%	12-Jul-19	0	-	1,500.00	1,500.00
25	10,000,000	13.50%	12-Jul-22	0	-	2,500.00	2,500.00
333	1,200,000	12.80%	1-Jul-19	0	-	333.00	1,665.00
400	1,000,000	12.25%	9-Aug-19	0	-	1,200.00	2,600.00
500	1,000,000	12.84%	19-Aug-19	0	-	5,000.00	5,000.00
380	1,000,000	12.00%	1-Nov-19	0	-	3,800.00	3,800.00
1,500	1,000,000	11.42%	25-May-20	0	-	11,250.00	5,000.00
2,500	100,000	11.45%	28-Mar-19	0	-	-	1,500.00
100	1,000,000	14.50%	1-Dec-20	0	-	-	1,000.00
5,000	100,000	11.65%	27-Aug-20	0	-	3,750.00	-
<b>Total</b>				<b>25.00</b>	<b>68,381.67</b>	<b>83,374.67</b>	<b>70,781.67</b>

16 Borrowings (other than debt securities) (At Amortised Cost)

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>(a) Secured</b>			
- Term Loan from Banks	295,644.36	112,347.71	96,201.86
- Term Loan from NBFCs	19,009.05	16,306.88	30,986.56
- Finance Lease obligations	-	8.98	95.51
- Cash credit / Overdraft facilities from banks	-	0.28	-
<b>(b) Unsecured</b>			
- Term Loan from NBFCs	5,037.65	5,035.62	7,552.97
<b>(c) Borrowings under securitisation arrangement (Refer Note 48)</b>	59,087.77	118,153.96	31,835.31
<b>Total</b>	<b>378,778.83</b>	<b>251,853.43</b>	<b>166,672.21</b>
Borrowings in India	378,778.83	251,853.43	166,672.21
Borrowings outside India	-	-	-
<b>Total</b>	<b>378,778.83</b>	<b>251,853.43</b>	<b>166,672.21</b>


**Asirvad Microfinance Limited**
**Notes forming part of the Financial Statements for the year ended 31 March 2020**
**16.1 Security on Term Loans from Banks and Others**

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

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Deposits with Banks & Others	18,967.17	16,104.19	8,275.44
(b) Deposits with NBFCs	145.00	120.00	295.00
<b>Total</b>	<b>19,112.17</b>	<b>16,224.19</b>	<b>8,570.44</b>

**16.2 Details of Terms of Repayment- Term Loans from Banks and Others**
**(a) As at 31 March 2020**

Particulars	As at	Number of Remaining Instalments	Maturity	
	31 March 2020		< I Year	> I Year
	Amount Rs.in Lakhs			
Base Rate+Spread	267,444.82	1 to 36	146,701.00	120,743.82
Fixed	112,066.24	1 to 23	71,692.28	40,373.96
<b>TOTAL</b>	<b>379,511.06</b>		<b>218,393.28</b>	<b>161,117.77</b>

**(b) As at 31 March 2019**

Particulars	As at	Number of Remaining Instalments	Maturity	
	31 March 2019		< I Year	> I Year
	Amount Rs.in Lakhs			
Base Rate+Spread	93,201.11	1 to 36	64,943.11	28,258.00
Fixed	158,606.17	1 to 23	111,924.30	46,681.87
<b>TOTAL</b>	<b>251,807.28</b>		<b>176,867.41</b>	<b>74,939.87</b>

**(c) As at 01 April 2018**

Particulars	As at	Number of Remaining Instalments	Maturity	
	01 April 2018		< I Year	> I Year
	Amount Rs.in Lakhs			
Base Rate+Spread	61,596.56	1 to 36	35,532.86	26,063.70
Fixed	73,054.00	1 to 23	52,310.38	20,743.62
<b>TOTAL</b>	<b>134,650.56</b>		<b>87,843.24</b>	<b>46,807.32</b>

**16.3 Details of Cash Credit from Bank - Secured**

- (a) The cash credit facility is secured by hypothecation of Microfinance Loans  
 (b) The Company has not defaulted in the repayment of dues to Banks and NBFCs  
 (c) The details of interest rate, tenor, repayment terms of the Short Term Borrowings are as follows:

Repayment Terms	Interest Rate	(Amount Rs.in Lakhs)		
		As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Repayable on Demand	0.00%	-	0.28	-

**16.4 (i) Details of Commercial Paper - Unsecured**

Particulars	Rate of interest	Terms of repayments	(Amount Rs.in Lakhs)
			As at 31 March 2020
Issued to Others (Anand Rathi)	10.3%	365 Days	2,500

Particulars	Rate of interest	Terms of repayments	(Amount Rs.in Lakhs)
			As at 31 March 2019
Issued to Others (Invesco)	9.80%	62 Days	5,000

Particulars	Rate of interest	Terms of repayments	(Amount Rs.in Lakhs)
			As at 01 April 2018
Issued to Others (Credit Suisse)	9.00%	60 Days	1,500

**(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
		(per annum)		
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	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
CP-Invesco	62	9.80%	26-Feb-19	29-Apr-19

**(iii) Details of Commercial Paper issued/repaid during the current year ended 31 March 2019**

Particulars	Tenor (Days)	Discount rate	Date of Transaction	Redemption Date
		(per annum)		
CREDIT SUISSE	60	9.00%	15-Mar-18	14-May-18
SURYODAY	70	9.00%	12-Apr-18	21-Jun-18
SURYODAY-08082018	51	8.95%	8-Aug-18	28-Sep-18
L&T Mutual Fund	33	8.85%	23-Aug-18	25-Sep-18
CP- SBI Mutual Fund	91	10.85%	4-Dec-18	5-Mar-19
CP- Anand Rathi	108	10.85%	4-Dec-18	22-Mar-19
CP-Kangra Central Coop Bank	100	9.15%	18-Dec-18	28-Mar-19
CP-Invesco	62	9.80%	26-Feb-19	29-Apr-19

**(iv) Details of Commercial Paper issued/repaid during the current year ended 01 April 2018**

Particulars	Tenor (Days)	Discount rate	Date of Transaction	Redemption Date
		(per annum)		
Caspian Impact Investments	120	9.00%	20-Sep-17	18-Jan-18
Caspian Impact Investments	120	9.00%	20-Sep-17	18-Jan-18
Utkarsh Small Finance Bank	100	9.00%	20-Nov-17	28-Feb-18
Au Small Finance Bank	91	9.00%	5-Dec-17	6-Mar-18
Credit Suisse	60	9.00%	15-Mar-18	14-May-18


**Asirvad Microfinance Limited**
**Notes forming part of the Financial Statements for the year ended 31 March 2020**
**17 Subordinated Liabilities**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Redeemable Non-Convertible Debentures (Unsecured) - Subordinated Debt (At Amortised Cost)	11,633.90	11,414.15	11,407.06
<b>Total</b>	<b>11,633.90</b>	<b>11,414.15</b>	<b>11,407.06</b>

**18 Other financial liabilities**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Interest payable on assets securitised	2,992.56	784.41	-
(b) Outstanding Lease Liability (Refer Note 32)	810.96	-	-
(c) Other payables	158.60	102.59	525.57
<b>Total</b>	<b>3,962.12</b>	<b>887.00</b>	<b>525.57</b>

**19 Provisions**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Provision for Compensated Absences (Refer Note 33)	343.47	236.48	184.29
(b) Provision for Gratuity (Refer Note 33)	30.84	-	-
<b>Total</b>	<b>374.31</b>	<b>236.48</b>	<b>184.29</b>

**20 Other non financial liabilities**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Statutory dues payable	318.44	477.62	327.81
(b) Deferred Lease Rentals	-	-	1.77
(c) Other Payables	1,365.59	262.16	246.67
(d) Advance from customers (Refer Note 50)	29,021.45	-	-
<b>Total</b>	<b>30,705.48</b>	<b>739.78</b>	<b>576.25</b>





**Asirvad Microfinance Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2020

**21 Equity Share Capital**

Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	Number of shares	Amount Rs.in Lakhs	Number of shares	Amount Rs.in Lakhs	Number of shares	Amount Rs.in Lakhs
(a) Authorised Equity shares of Rs.10/- each	100,000,000	10,000.00	100,000,000	10,000.00	40,000,000	4,000.00
Cumulative Redeemable Non-Convertible Preference shares of Rs.100/- each	1,000,000	100.00	1,000,000	100.00	1,000,000	100.00
<b>TOTAL</b>	<b>101,000,000</b>	<b>10,100.00</b>	<b>101,000,000</b>	<b>10,100.00</b>	<b>41,000,000</b>	<b>4,100.00</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	32,074,860	3,207.49
<b>TOTAL</b>	<b>53,311,887.00</b>	<b>5,331.19</b>	<b>53,311,887</b>	<b>5,331.19</b>	<b>32,074,860</b>	<b>3,207.49</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 2020		As at 31 March 2019		As at 01 April 2018	
	Number of shares	Amount Rs.in Lakhs	Number of shares	Amount Rs.in Lakhs	Number of shares	Amount Rs.in Lakhs
At the beginning of the period/year	53,311,887	5,331.19	32,074,860	3,207.49	26,276,636	2,627.67
Issued during the period/year (Refer Note 21.1 below)	-	-	21,237,027	2,123.70	5,798,224	579.82
<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>	<b>32,074,860.00</b>	<b>3,207.49</b>

**21.1** During the year ended ended 31 March 2020, the company has not issued any equity shares. During the year ended 31 March 2019, the Company has issued 1,04,88,777 equity shares of Rs.10 each at a premium of Rs.85.34 per equity share through Rights Issue on 27 April 2018 and 1,07,48,250 equity shares of Rs. 10 each at a premium of Rs. 242 per share on 16 March 2019 respectively.

**(ii) Details of shares held by the holding company:**

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
<b>Equity Shares of Rs. 10 each</b> Manappuram Finance Limited (the Holding Company)	49,757,889	93.33%	49,757,889	93.33%	28,992,800	90.39%

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

Class of shares / Name of shareholder	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
<b>Equity Shares of Rs. 10 each</b> Mr. S V Raja Vaidyanathan Manappuram Finance Limited	3,127,966	5.87%	3,127,966	5.87%	2,741,866	8.54%
	49,757,889	93.33%	49,757,889	93.33%	28,992,800	90.39%

**(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

**(v) Employees Stock Option Scheme (ESOP):**

During the year ended 31 March 2020, the Company introduced Employee Stock Option Scheme to eligible employees of the Company w.e.f from 1 July 2019 ("Relevant Date"). Accordingly 830,000 options were issued with a graded vesting period and is outstanding as at 31 March 2020.



**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**22 Other Equity**

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Capital Redemption Reserve	500.00	500.00	500.00
(b) Share Options Outstanding Reserve	22.54	20.44	13.00
(c) Statutory Reserve	9,419.28	4,712.72	1,679.97
(d) Securities Premium Account	55,810.89	55,810.89	20,849.00
(e) General Reserve	35.93	35.93	35.93
(f) Surplus in Statement of Profit and Loss	32,812.21	13,987.61	1,856.56
(g) Other Comprehensive Income (OCI)	19.84	43.08	21.83
<b>Total</b>	<b>98,620.69</b>	<b>75,110.67</b>	<b>24,956.29</b>

Particulars	As at	As at	As at
	31 March 2020	31 March 2019	01 April 2018
	Amount Rs.in Lakhs	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>(a) Capital Redemption Reserve</b>			
Opening balance	500.00	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>500.00</b>
<b>(b) Share Options Outstanding Reserve</b>			
Opening balance	20.44	13.00	13.00
Add : Premium on shares issued during the year	2.10	7.44	-
Less : Utilised during the year	-	-	-
Closing Balance	<b>22.54</b>	<b>20.44</b>	<b>13.00</b>
<b>(c) Statutory Reserve</b>			
Opening balance	4,712.72	1,679.97	1,679.97
Add: Additions during the year (Refer Note 47)	4,706.56	3,032.75	-
Less: Utilised / transferred during the year	-	-	-
Closing Balance	<b>9,419.28</b>	<b>4,712.72</b>	<b>1,679.97</b>
<b>(d) Securities Premium Account</b>			
Opening balance	55,810.89	20,849.00	15,900.80
Add : Premium on shares issued during the year	-	34,961.89	4,948.20
Less : Utilised during the year	-	-	-
Closing Balance	<b>55,810.89</b>	<b>55,810.89</b>	<b>20,849.00</b>
<b>(e) General Reserve</b>			
Opening balance	35.93	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>	<b>35.93</b>
<b>(f) Surplus in Statement of Profit and Loss</b>			
Opening Balance	13,987.61	1,856.56	2,494.35
Less: Impact of Ind AS 116 (Refer Note 32)	1.62	-	-
Add: Profit/(Loss) for the year	23,532.80	15,163.77	(637.79)
Less: Transfer to Statutory Reserve (Refer Note 47)	4,706.58	3,032.72	-
Closing Balance	<b>32,812.21</b>	<b>13,987.61</b>	<b>1,856.56</b>
<b>(g) Other Comprehensive Income (OCI)</b>			
Opening Balance	43.08	21.83	-
Add: (Loss)/Profit for the Year (Refer Note 33)	(23.24)	21.25	21.83
Less: Transfer to Statutory Reserve	-	-	-
Closing Balance	<b>19.84</b>	<b>43.08</b>	<b>21.83</b>
<b>TOTAL (a+b+c+d+e+f+g)</b>	<b>98,620.69</b>	<b>75,110.67</b>	<b>24,956.29</b>



**Asirvad Microfinance Limited**  
Notes forming part of the Financial Statements for the year ended 31 March 2020

**23 Interest Income**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Interest Income from Loan:		
- Interest on Loan- Microfinance Loans	89,221.40	62,646.07
- Interest on Loan- MSME Loans	121.21	43.62
(b) Interest on deposits with Banks and Financial Institutions	1,968.94	1,373.92
(c) Other interest income	26.51	4.58
<b>Total</b>	<b>91,338.06</b>	<b>64,068.19</b>

**23 (a) Net Gain on derecognition of Financial Instruments under amortised cost category**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Net Gain on derecognition of Financial Instruments under amortised cost category (Refer Note 48)	12,590.98	2,957.18
<b>Total</b>	<b>12,590.98</b>	<b>2,957.18</b>

**23 (b) Dividend Income**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Dividend Income from Mutual Funds	947.06	507.64
<b>Total</b>	<b>947.06</b>	<b>507.64</b>

**24 Other Operating Income**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Loss Assets recovered	629.84	1,157.47
<b>Total</b>	<b>629.84</b>	<b>1,157.47</b>

**25 Other Income**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Referral Fees	4,543.28	5,318.57
(b) Miscellaneous income	95.18	35.61
<b>Total</b>	<b>4,638.46</b>	<b>5,354.18</b>

**26 Finance Cost**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
<b>(a) Interest on Borrowings</b>		
- Term Loans from Banks	19,460.54	11,039.73
- Term Loans from NBFCs	2,424.98	4,309.25
- Commercial Paper	438.11	415.58
- Overdraft	0.81	1.94
<b>(b) Interest on Debt Securities</b>		
- Debentures & subordinated Liabilities	8,981.11	10,695.66
- Borrowings under securitisation arrangement (Refer Note 48)	8,956.58	2,757.85
<b>(c) Others Interest Expense</b>		
- Interest on Finance Lease Obligations	92.63	5.63
<b>(d) Other Borrowing Costs</b>		
- Loan Processing Fees	212.62	419.64
- Bank Charges	376.48	249.39
<b>Total</b>	<b>40,943.86</b>	<b>29,894.67</b>



**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**27 Impairment of financial instruments**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
Loans (Refer Note 7.4 and 43)	14,737.61	2,841.96
<b>Total</b>	<b>14,737.61</b>	<b>2,841.96</b>
Less : Exceptional Item (Also Refer Note 50)	5,502.64	-
<b>Total</b>	<b>9,234.97</b>	<b>2,841.96</b>

Note : The above impairment of financial instruments includes loan assets written off during year aggregating Rs. 1,614.65 Lakhs and Rs.5,523.09 Lakhs for the year ended 31 March 2020 and 31 March 2019 respectively.

**28 Employee Benefit Expenses**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Salaries and Wages	13,414.23	10,244.11
(b) Contributions to Provident and Other Funds (Refer note 33)	1,161.77	672.73
(c) Share based payments to Employees	2.10	7.44
(d) Staff Welfare Expenses	437.73	423.91
<b>Total</b>	<b>15,015.83</b>	<b>11,348.19</b>

**29 Other expenses**

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
	Amount Rs.in Lakhs	Amount Rs.in Lakhs
(a) Electricity	101.62	86.32
(b) Rent including Lease Rentals (Refer Note 32)	1,209.40	1,047.88
(c) Directors commission	77.00	60.00
(d) Repairs and Maintenance	40.61	62.90
(e) Insurance	363.65	75.86
(f) Rates and Taxes	31.05	49.21
(g) Communication Expenses	450.35	280.31
(h) Travel and Conveyance	2,153.84	2,226.04
(i) Printing and Stationery	289.97	459.43
(j) Directors' Sitting Fees	20.49	13.79
(k) Business Promotion	7.86	9.72
(l) Expenditure towards Corporate Social Responsibility (Refer Note 46)	150.57	58.77
(m) Legal and Professional Fees	663.69	452.18
(n) Provision for Insurance Claim Receivable	86.31	273.12
(o) Subscription Charges	44.11	11.27
(p) Software Costs	944.10	639.35
(q) Security Charges	20.65	12.27
(r) House Keeping Expenses	155.73	120.91
(s) Office Expenses	92.91	53.70
(t) Loss on Sale of Property, Plant & Equipment (Net)	-	2.21
(u) Payments to Statutory Auditors' (net of input tax credit)		
- Statutory Audit	18.00	18.00
- Tax Audit	2.00	2.00
- Other Services (Limited Review, Interim Audit and Certification)	8.70	25.50
- Out of Pocket expenses	0.73	0.83
(v) Miscellaneous Expenses	769.26	259.54
<b>Total</b>	<b>7,702.60</b>	<b>6,301.11</b>



**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**30 Segment Reporting**

The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the mainstream banking channels. Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Chief Operating Decision Marker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by the overall business segment, i.e. Microfinance 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.

**31 Earnings per share**

Basic and Diluted earnings per share :

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

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
(a) Net Profit attributable to Equity Shareholders - Rs. in lakhs (Basic and Diluted)	23,532.80	15,163.77
(b) Weighted average number of equity shares in calculating basic Earnings Per Share (Nos)	53,311,887.00	42,287,647.41
(c) Earnings per share - Basic and Diluted - Rs.	44.14	35.86

**32 Leases**

The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1 April 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2019. As a result, the comparative information has not been restated. In adopting Ind AS 116, the Company has applied the below practical expedients

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics
- The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"
- The Company has not applied the requirements of Ind AS 116 for leases of low value assets
- The Company has excluded the initial direct costs from measurement of the right-of-use asset at the date of transition
- The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to Rs 29.95 Lakhs, lease liabilities amounting to Rs 31.57 Lakhs and Rs 1.62 Lakhs (debit) in retained earnings as at 1 April 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 12% for measuring the lease liability.

**(a) Reconciliation of operating lease commitments as at March 31, 2020 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019**

Particulars	Amount Rs. in Lakhs
Operating lease commitment at 31 March 2019	564.85
Discounted using the incremental borrowing rate at 1 April 2019	560.57
Recognition exemption for:	
(i) Short term leases	529.00
(ii) Leases of low value assets	
<b>Lease liabilities recognised at 1 April 2019</b>	<b>31.57</b>

**(b) Impact of adoption of Ind AS 116 on retained earnings:**

Particulars	Amount Rs. in Lakhs
Recognition of Lease Liability	31.57
Recognition of Right of Use of Asset	(29.95)
<b>Impact on retained earnings as at April 1, 2019</b>	<b>1.62</b>

**(c) Impact of adoption of Ind AS 116 on the statement of profit and loss**

Particulars	(Amount Rs. In Lakhs)
	For the year ended 31 March 2020
Depreciation expense on right-of-use assets	111.91
Interest expense on lease liabilities	92.29
Deferred tax (credit)	(24.05)
<b>Impact on the statement of profit and loss for the year</b>	<b>180.15</b>

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

Particulars	(Amount Rs. In Lakhs)
	For the year ended 31 March 2020
Depreciation expense on right-of-use assets	111.91
Interest expense on lease liabilities	92.29
Deferred tax (credit)	(24.05)
Lease expense on Low Value Assets / Short term assets	1,209.40

**(d) Maturity analysis of Lease Liabilities**

Particulars	(Amount Rs. In Lakhs)
	As at 31 March 2020
Year 1	163.63
Year 2	124.50
Year 3	121.54
Year 4	101.13
Year 5	90.05



**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**33 Employee benefits**

**33.1 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**

(Amount Rs. in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Included under 'Contributions to Provident and Other Funds' (Refer Note 28)		
Contributions to provident and pension funds	1,161.77	672.73
(b) Included under 'Staff Welfare Expenses' (Refer Note 28)		
Contributions to Employee State Insurance	303.52	309.47

**33.2 Compensated Absences**

(Amount Rs. in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Included under "Salaries & Wages" (Refer Note 28)	213.27	138.83

(Amount Rs. in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
(b) Net asset / (liability) recognised in the Balance Sheet	1,126.34	498.64	430.96
Current portion of the above	867.42	323.02	293.30
Non - current portion of the above	258.92	175.62	137.66

The Key Assumptions used in the computation of provision for compensated absences are as given below:

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Discount Rate (% p.a)	6.48%	7.35%	7.60%
Future Salary Increase (% p.a)	10.00%	10.00%	10.00%
Attrition Rate	16.00%	16.00%	16.00%

**33.3 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.

In respect of the plan, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2020 by Mr. Arunachalam Rajaraman, Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost and paid service cost, were measured using the projected unit cost credit method.

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

(Amount Rs. in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Amounts recognised in statement of Profit &amp; Loss in respect of these defined benefit plans are as follows:</b>		
Service Cost		
- Current Service Cost	181.11	152.05
- Net interest expense	(7.06)	(5.90)
<b>Components of defined benefit costs recognised in statement of profit or loss (A)</b>	<b>174.05</b>	<b>146.15</b>
Actuarial (gain)/loss on Plan Obligations	(17.04)	35.36
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	(14.02)	(2.65)
<b>Components of defined benefit costs recognised in other comprehensive income (B)</b>	<b>31.06</b>	<b>(32.71)</b>
<b>Total</b>	<b>205.11</b>	<b>113.44</b>

(i) The current service cost and interest expense for the year are included in the Note 28 - 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.



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

Particulars	(Amount Rs. in Lakhs)		
	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>I. Net (Liability) recognised in the Balance Sheet</b>			
Present value of defined benefit obligation	599.22	385.30	265.25
Fair value of plan assets	568.41	399.30	291.61
Net (Liability) recognised in the Balance Sheet	(30.81)	14.00	26.36
Current portion of the above	-	-	-
Non current portion of the above	(30.81)	14.00	26.36

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

Particulars	(Amount Rs. in Lakhs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Change in the obligation during the year ended</b>		
Present value of defined benefit obligation at the beginning of the year	385.30	265.25
Expenses Recognised in Profit and Loss Account		
- Current Service Cost	181.11	152.05
- Past Service Cost	-	-
- Interest Expense (Income)	28.42	19.72
Remeasurement gains / (losses)		
- Effect of Changes in Financial Assumptions	37.69	4.57
- Effect of Experience Adjustments	(20.65)	(39.93)
Benefit payments	(12.65)	(16.36)
<b>Present value of defined benefit obligation at the end of the year</b>	<b>599.22</b>	<b>385.30</b>

(i) The weighted average duration of the benefit obligation at 31 March 2020 is 10.873 years (As at 31 March 2019 is 11.059 years, As at 1 April 2018 is 11.16 years).

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

Particulars	(Amount Rs. in Lakhs)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Change in fair value of assets during the year</b>		
Fair value of plan assets at the beginning of the year	399.30	291.61
Expenses Recognised in Profit and Loss Account		
- Expected return on plan assets	35.48	25.62
Remeasurement gains / (losses)		
- Actuarial gains/(loss) arising from changes in financial assumptions	(14.02)	(2.65)
Contributions by employer (including benefit payments recoverable)	160.30	101.08
Benefit payments	(12.65)	(16.36)
<b>Fair value of plan assets at the end of the year</b>	<b>568.41</b>	<b>399.30</b>

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

Particulars	(Amount Rs. in Lakhs)		
	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Investment Funds with Insurance Company	568.41	399.30	291.61
- Life Insurance Corporation of India			

(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 2020 was Rs.14.02 Lakhs ( For the year ended 31 March 2019: Rs. 2.65 Lakhs).

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

**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.

**The principal assumptions used for the purpose of actuarial valuation were as follows :**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Discount rate	6.58%	7.50%	7.67%
Expected rate of salary increase	10.00%	10.00%	10.00%
Withdrawal Rate	16.00%	16.00%	16.00%
Mortality	Indian Assured Lives (2006-2008)	Indian Assured Lives (2006-2008)	Indian Assured Lives (2006-2008)

- The discount rate is based on the prevailing market yields of Indian Government securities as at balance sheet date for the estimated term of the obligation.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.
- In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are maintained with an insurer managed fund (maintained by the Life Insurance Corporation ("LIC")) and is well diversified.

### Sensitivity Analysis

The benefit obligation results of such a scheme are particularly sensitive to discount rate, longevity risk, salary growth and employee attrition, if the plan provision do provide for such increases on commencement of pension.

The following table summarizes the impact in financial terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these four key parameters:

Impact on the Defined benefit Obligation	(Amount Rs. in Lakhs)		
	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>(a) Discount Rate</b>			
- Increase by 50 bps	(21.02)	(13.18)	(9.03)
- Decrease by 50 bps	22.41	14.02	9.60
<b>(b) Salary Growth Rate</b>			
- Increase by 50 bps	21.52	13.58	9.29
- Decrease by 50 bps	(20.42)	(12.90)	(8.83)
<b>(c) Withdrawal Rate</b>			
- Increase by 50 bps	(13.77)	(8.63)	(6.15)
- Decrease by 50 bps	14.62	9.06	6.45
<b>(d) Mortality Rate</b>			
- Increase by 50 bps	(0.06)	(0.02)	(0.01)
- Decrease by 50 bps	0.06	0.02	0.01

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.

### (h) Effect of Plan on Entity's Future Cash Flows

- The Company expects to make a contribution of Rs. 43.37 lakhs during the next financial year.
- The weighted average duration of the benefit obligation at 31 March 2020 is 10.873 years (As at 31 March 2019 is 11.059 years).
- Maturity profile of defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):	Amount in Rs. Lakhs
Within 1 year	43.37
2 to 5 years	253.70
More than 5 years	295.20

### (i) Experience Adjustments \*

Experience Adjustments	(Amount Rs. in Lakhs)			
	For the year ended 31 March 2020	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2017
Defined Benefit Obligation	599.22	385.30	265.25	167.44
Fair value of plan assets	568.41	399.30	291.61	94.77
Surplus/(Deficit)	(30.81)	14.00	26.36	(72.67)
Experience adjustment on plan liabilities [(Gain)/Loss]	17.04	(35.36)	(58.09)	(3.52)
Experience adjustment on plan assets [(Gain)/(Loss)]	(14.02)	(2.65)	(24.53)	0.87

\* Experience adjustments related to prior years have been disclosed based on the information to the extent available.





**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**34 Related Party Transactions**

**34.1 Names of Related Parties and Nature of Relationship**

Description of Relationship	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Key Management Personnel of the Company and Holding Company	Mr. S V Raja Vaidyanathan Managing Director	Mr. S V Raja Vaidyanathan Managing Director	Mr. S V Raja Vaidyanathan Managing Director
	Mr. Mayank Shyam Thatte Chief Financial Officer (From 06.02.2018 to 15.09.2019)	Mr. Mayank Shyam Thatte Chief Financial Officer	Mr. Mayank Shyam Thatte Chief Financial Officer (From 06.02.2018)
	Mr. Yogesh Ratnakar Udhoji Chief Financial Officer ( From 16.09.2019)		Mr. Ramachandran S Chief Financial Officer (From 07.08.2017 to 06.02.2018)
		Ms.S.Simi, Company Secretary (From 01.04.2018 till 29.10.2018)	Mr. R. Govindarajan Chief Financial Officer (Till 05.08.2017)
	Mr. Anup Kumar Gupta, Company Secretary	Mr. Anup Kumar Gupta, Company Secretary (from 03.11.2018)	Ms.S.Simi Company Secretary
	Mr. V P Nandakumar - Managing Director & CEO of the Holding Company	Mr. V P Nandakumar - Managing Director & CEO of the Holding Company	Mr. V P Nandakumar - Managing Director & CEO of the Holding Company
	Mrs. Bindhu AL - Chief Financial Officer of the Holding Company	Mrs. Bindhu AL - Chief Financial Officer of the Holding Company	Mrs. Bindhu AL - Chief Financial Officer of the Holding Company
Holding Company	Manappuram Finance Limited	Manappuram Finance Limited	Manappuram Finance Limited
Entity over which Key Managerial Personnel has Significant Influence	Asirvad Development Foundation Proficient investment and financial consultancy pvt ltd	Asirvad Development Foundation Not applicable	Asirvad Development Foundation Not applicable
Group Company	Manappuram Comptech and Consultants Limited	Not applicable	Not applicable
	Manappuram Foundation	Not applicable	Not applicable
Directors	Mr. A Ramanathan	Mr. A Ramanathan	Mr. Raveendra Babu
	Mr. Abhijit Sen	Mr. D.R. Dogra	Mrs. Kalpana Iyer
	Mr. D.R. Dogra	Mr. Gautam Saigal	Mr. Gautam Saigal
	Mr. Gautam Saigal	Ms. Pushya Sitaraman	Mr. A Ramanathan
	Ms. Pushya Sitaraman	Mr. T. Balakrishnan	Mr. Rajiven Vayavil Ravindran
	Mr. Subrata Kumar Atindra Mitra	Mr. T.M. Manoharan	Mr. D.R. Dogra
	Mr. T. Balakrishnan	Mr. V.R. Rajiven	Mr. Shailesh Jayantilal Mehta
	Mr. T.M. Manoharan	Mr. Raveendra Babu	
	Mr. V.R. Rajiven		

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

**34.2 Transactions with the Related Parties**

Transaction	Related Party	(Amount Rs.in Lakhs)	
		For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
Remuneration to Key Managerial Personnel	Mr. S V Raja Vaidyanathan	286.08	291.72
	Mr. Yogesh Ratnakar Udhoji	33.00	-
	Mr. Mayank Shyam Thatte	42.64	62.02
	Ms.S.Simi, Company Secretary	-	8.87
	Mr. Anup Kumar Gupta	13.92	5.50
Donation	Asirvad Development Foundation	15.00	25.77
	Manappuram Foundation	121.00	-
Issue of Rights Share (Including Securities Premium)	Manappuram Finance Limited	-	36,204.74
	Mr. S V Raja Vaidyanathan	-	709.63
	Mr. V P Nandakumar	-	73.13
Interest on Loan	Manappuram Finance Limited	0.65	-
Rent	Proficient Investment And Financial Consultancy Pvt Ltd	4.96	-
Software Expense	Manappuram Comptech and Consultants Limited	15.78	-
Sitting Fees	Mr. A Ramanathan	5.66	3.42
	Mr. Abhijit Sen	0.30	-
	Mr. D.R. Dogra	3.48	2.24
	Mr. Gautam Saigal	3.66	2.66
	Ms. Pushya Sitaraman	2.01	0.59
	Mr. Subrata Kumar Atindra Mitra	0.30	-
	Mr. T. Balakrishnan	3.60	2.12
	Mr. T.M. Manoharan	2.30	1.18
	Mrs. Kalpana Iyer	-	0.47
	Mr. Shailesh J Mehta	-	0.65
	Mr. V.R. Rajiven	0.89	1.59
Commission	Mr. A Ramanathan	11.80	-
	Mr. D.R. Dogra	11.80	-
	Mr. Gautam Saigal	11.80	-
	Ms. Pushya Sitaraman	1.88	-
	Mr. T. Balakrishnan	11.80	-
	Mr. T.M. Manoharan	11.80	-
Mr. V.R. Rajiven	11.80	-	

(Amount Rs.in Lakhs)

Transaction	Related Party	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>Balance as at Year End</b>				
Rent Payable	Proficient Investment And Financial Consultancy Pvt Ltd	0.38	-	-
Software Expense Payable	Manappuram Comptech and Consultants Limited	10.67	-	-
Other Receivable	Manappuram Finance Limited	-	-	35.88

**Note:**

- The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties.
- The Related Parties have confirmed to the Management that as at 31 March 2020, 31 March 2019 and 1 April 2018 there are no further amounts payable to / receivable from them, other than as disclosed above.
- The above compensation to key management personnel excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.
- The transactions during the period are inclusive of GST.
- Expense recognised as director sitting fee in the statement of profit and loss is Rs. 20.49 Lakhs (for FY 2018- 19 is Rs. 13.79) which is net of input tax credit.



Asirvad Microfinance Limited

**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**35 Financial Instruments**

**35.1 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 :**

(Amount Rs. In Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
Borrowings	450,064.97	341,804.61	208,242.13
Cash and Bank Balance	(119,951.77)	(52,590.02)	(19,026.25)
<b>Net Debt (A)</b>	<b>330,113.20</b>	<b>289,214.59</b>	<b>189,215.88</b>
<b>Total Equity (B)</b>	<b>103,951.88</b>	<b>80,441.86</b>	<b>28,163.78</b>
<b>Net Debt to equity ratio (A/B)</b>	<b>3.18</b>	<b>3.60</b>	<b>6.72</b>

**35.2 Categories of Financial Instruments**

The carrying value of the financial instruments by categories as on 31 March 2020, 31 March 2019 and 01 April 2018 are as follows:

(Amount Rs. In Lakhs)

Particulars	Carrying Value			Fair Value		
	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018	As at 31 March 2020	As at 31 March 2019	As at 01 April 2018
<b>(a) Financial Assets</b>						
<b>Measured at Fair value through profit &amp; Loss</b>						
- Loans	434,327.51	349,904.85	203,461.22	434,327.51	349,904.85	203,461.22
<b>Measured at amortised cost</b>						
- Cash and Bank balance	139,063.94	68,814.21	27,596.69	139,063.94	68,814.21	27,596.69
- Other financial assets	10,862.11	3,918.54	2,174.76	10,862.11	3,918.54	2,174.76
- Loan given to staff	102.30	80.41	53.46	102.30	80.41	53.46
-						-
<b>(a) Financial Assets</b>						
<b>Measured at Fair value through OCI</b>						
- Investments	5.00	5.00	5.00	5.00	5.00	5.00
	<b>584,360.86</b>	<b>422,723.01</b>	<b>233,291.13</b>	<b>584,360.86</b>	<b>422,723.01</b>	<b>233,291.13</b>
<b>(b) Financial Liabilities :</b>						
<b>Measured at amortised cost</b>						
- Borrowings	450,064.97	240,077.44	208,242.13	450,064.97	240,077.44	208,242.13
- Trade payables	2,186.79	1,035.90	1,035.90	2,186.79	1,035.90	1,035.90
- Other financial liabilities	3,962.12	1,512.82	1,512.82	3,962.12	1,512.82	1,512.82
	<b>456,213.88</b>	<b>242,626.16</b>	<b>210,790.85</b>	<b>456,213.88</b>	<b>242,626.16</b>	<b>210,790.85</b>

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

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

The following methods and assumptions were used to estimate the fair value/amortized cost

The amortized cost of the Company's interest-bearing borrowings are determined by using the Effective Interest method. The own non-performance risk as at 31 March 2020 was assessed to be insignificant.

There were no items of financial assets or financial liabilities which were valued at fair value as of 31 March 2020, 31 March 2019 and 1 April 2018



### **36 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) and liquidity risk. Compliance with policies and exposure limits is reviewed by the management on a continuous basis.

#### **36.1 (a) 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.

#### **Liquidity and Interest Risk Tables :**

Refer Note 40.3 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.

#### **36.2 (b) 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.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and 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.

##### **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.

#### **36.3 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

The Management considers that the carrying amount of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

#### **36.4 Offsetting of financial assets and financial liabilities**

The Company has not offset financial assets and financial liabilities.



**Asirvad Microfinance Limited**

**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**37 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2020, 31 March 2019 and 1 April 2018 are furnished below:

(Amount Rs. In Lakhs)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019	For the Year Ended 01 April 2018
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
The amount of interest due and payable for the year.	-	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-	-

**Note:**

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**38 Commitments and Contingencies**

(Amount Rs. In Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
<b>A. Contingent Liabilities:</b>			
<b>(i) Income Tax</b>			
- Income Tax (A.Y. 2015-16)	1,124.50	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		-
<b>B. Commitments</b>			
Estimated amount of contracts remaining to be executed on capital account and not provided for:			
- Intangible Assets	-	20.35	20.35

**A) Income Tax**

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

During the FY1718, the Company has received an Assessment order under Section 143(3) for the AY 2015-16 with a demand of Rs. 1,124.49 Lakhs 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 FY1718 the Company has paid an amount of Rs. 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 FY18- 19, the Company has received an Assessment order under Section 143(3) for the AY 2016-17 with a demand of Rs. 1,978.90 Lakhs by taxing the receipt of share premium amount received by the Company as unexplained cash credits under Section 56(2)(viib) of the Income Tax Act, 1961.

The Company has filed appeals against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that case will be decided in their favour and hence no provision has been considered. However in the FY1718 the Company has paid an amount of Rs. 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.

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

During the year ended 31 March 2020, the accounting for securitisation transaction was governed by guidelines issued by the Reserve Bank of India vide its Master Direction on Non-Banking Financials - Non-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 Rs.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 pf 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 Rs.97.09 Lakhs in this regard. Company is advised by Tax Counsel to contest this demand by Tax counsel 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 demands above 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 financial year 2019-20, the company had paid an amount of Rs.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



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

**39.1 Customer Complaints**

(a)	No. of complaints pending as on 1 April 2019	2.00
(b)	No. of complaints received during the year	4,334
(c)	No. of complaints redressed during the year	4,307
(d)	No. of complaints pending as on 31 March 2020	27

**39.2 Details of Registration with Financial Regulators**

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

**39.3 Ratings assigned by Credit Rating Agencies**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Commercial paper	A1+ (CRISIL)	CRISIL A1+	CRISIL A1+/Stable
Long Term Bank Facilities	AA-/Stable (CRISIL) A+ / Stable(CARE)	CRISIL A+/Positive CARE A+ / Stable	CRISIL A+/Stable
Long term Non-Convertible Debentures	AA-/Stable (CRISIL)	CRISIL A+/Positive CARE A+ / Stable	ICRA A (Stable) CRISIL A+/Stable CARE A+
MFI Grading	MFI 1(CARE)	MFI 1 (MFI One) - CARE	MFI 1 (MFI One) - CARE
Subordinated Debt	AA-/Stable (CRISIL)	CRISIL A+ / Positive	CRISIL A+ Stable
Market Linked Debentures	AA-r /Stable (CRISIL)	Not applicable	Not applicable

**39.4 Concentration of Advances, Exposures and NPA's**

Particulars	As at 31 March 2020	As at 31 March 2019	As at 1 April 2018
Total Advances and Exposures to twenty largest borrowers			
Total Exposure to top four NPA accounts	Refer Note below	Refer Note below	Refer Note below
Percentage of Advances and Exposures to twenty largest borrowers to Total Advances of the NBFC			

Note: The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 20,000 to Rs. 45,000 to women engaged in various income generating activities. As at 31 March 2020, the Company has provided loans to more than 19.96 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

**39.5 Sector-wise NPAs:**

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2020	Percentage of NPAs to Total Advances in that sector as on 31 March 2019	Percentage of NPAs to Total Advances in that sector as on 1 April 2018
1	Agriculture & allied activities	1.43%	0.53%	1.65%
2	MSME	2.10%	0.40%	2.88%
3	Corporate borrowers	NA	NA	NA
4	Services	NA	NA	NA
5	Unsecured personal loans	NA	NA	NA
6	Auto loans (commercial vehicles)	NA	NA	NA
7	Other loans	NA	NA	NA

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

(Amount Rs. In Lakhs)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019	For the Year Ended 01 April 2018
Impairment Loss Allowance	14,737.61	2,841.96	12,427.67
Provision for Income Tax (excluding deferred tax)	9,832.60	4,711.00	-



39.7 Movement of NPAs					Amount Rs. In Lakhs
Sl.No	Particulars	As at 31 March 2020 Amount in Rs.In Lakhs	As at 31 March 2019 Amount Rs.in lakhs	As at 1 April 2018 Amount Rs.in lakhs	
(i)	Net NPAs to Net Advances (%)	0.00%	0.00%	0.23%	
(ii)	<b>Movement of NPAs (Gross)</b>				
	(a) Opening balance	1,847.21	5,676.13	8,022.48	
	(b) Additions during the year	9,818.50	1,694.17	12,003.83	
	(c) Reductions during the year	(1,614.65)	(5,523.09)	(14,350.18)	
	(d) Closing balance	10,051.06	1,847.21	5,676.13	
(iii)	<b>Movement of Net NPAs</b>				
	(a) Opening balance	-	-	2,339.49	
	(b) Additions during the year	-	-	-	
	(c) Reductions during the year	-	-	(1,199.91)	
	(d) Closing balance	-	-	-	
(iv)	<b>Movement of provisions for receivables under financing activities</b>				
	(a) Opening balance	5,387.16	8,068.29	9,676.84	
	(b) Provisions made during the year	14,737.60	2,841.96	12,748.57	
	(c) Write-off / write-back of excess provisions	(1,614.65)	(5,523.09)	(14,357.12)	
	(d) Closing balance	18,510.11	5,387.16	8,068.29	

39.8 During the year there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding or entire outstanding whichever is higher.

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

**39.10 Registration Obtained from Other Financial Sector Regulators**

During the year the company has not obtained any registrations from other financial regulators.

**39.11 Penalties Imposed by RBI and Other Regulators**

No penalties imposed by RBI or Other Regulators.

**39.12 Investments**

Particulars	As at 31 March 2020 Amount in Rs.in Lakhs	As at 31 March 2019 Amount in Rs.in Lakhs	As at 01 April 2018 Amount in Rs.in lakhs
<b>Value of Investments</b>			
(i) Gross Value of Investments			
(a) In India	5.00	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	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	-	-	-

**39.13 Derivatives:**

The Company has no transactions / exposure in derivatives in the current year and previous year.

**40 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1 August 2008**

**Capital Adequacy Ratio**

Particulars	As at 31 March 2020 Amount in Rs.in Lakhs	As at 31 March 2019 Amount in Rs.in Lakhs (Refer Note below)	As at 01 April 2018 Amount in Rs.in lakhs
Tier I Capital	95,035.28	66,947.46	22,116.84
Tier II Capital	4,105.56	-	10,114.06
<b>Total Capital</b>	<b>99,140.84</b>	<b>66,947.46</b>	<b>32,230.90</b>
<b>Total Risk Assets</b>	<b>390,794.75</b>	<b>230,070.96</b>	<b>212,241.96</b>
Capital Ratios			
Tier I Capital as a percentage of Total Risk Assets (%)	24.32%	28.90%	10.42%
Tier II Capital as a percentage of Total Risk Assets (%)	1.05%	0.00%	4.77%
<b>Total Capital (%)</b>	<b>25.37%</b>	<b>28.90%</b>	<b>15.19%</b>

Note: The Capital Adequacy Ratio as at 31 March 2019 is recomputed based on the restated financial statements. Also Refer Note 48

**40.1 Exposure to Real Estate Sector**

Category	As at 31 March 2020 Amount in Rs.in Lakhs	As at 31 March 2019 Amount in Rs.in Lakhs	As at 01 April 2018 Amount in Rs.in lakhs
a) Direct Exposure			
<b>(i) Residential Mortgages</b>			
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,098.95	-	-
<b>(ii) Commercial Real Estate -</b>			
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	203.59	333.74
<b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>			
a. Residential	-	-	-
b. Commercial Real Estate	-	-	-
Total Exposure to Real Estate Sector	1,467.92	203.59	333.74

**40.2 Exposure to Capital Market**

The Company does not have any exposure to Capital market as at 31 March 2020, 31 March 2019 and 1 April 2018



Asirvad Microfinance Limited  
Notes forming part of the Financial Statements for the year ended 31 March 2020

40.3 Asset Liability Management

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

Particulars	(Amount Rs.in Lakhs)								Total
	I day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	
<b>Liabilities</b>									
Borrowings from Banks & NBFCs	13,399.36	12,473.49	19,431.06	64,149.13	108,940.25	149,572.74	11,544.00	-	379,510
Market Borrowings	-	1,083.33	3,541.67	3,500.00	19,616.67	17,746.65	25,393.35	-	70,882
<b>Assets</b>									
Advances (Micro Finance Loans)	-	-	34,434.44	105,486.59	184,415.16	225,601.34	325.84	-	550,263
Investments	-	-	-	-	-	-	-	5.00	5

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2019:

Particulars	(Amount Rs.in Lakhs)								Total
	I day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	
<b>Liabilities</b>									
Borrowings from Banks & NBFCs	18,265	20,397	18,058	51,625	68,523	71,896	3,044	-	251,807
Market Borrowings	5,658	5,042	2,500	12,158	14,425	37,092	11,500	-	88,375
<b>Assets</b>									
Advances (Micro Finance Loans)	26,761	26,255	21,973	64,226	102,485	142,376	2	-	384,079
Investments	-	-	-	-	-	-	-	5	5

(c) Maturity Pattern of certain items of Assets and Liabilities as at 01 April 2018:

Particulars	(Amount Rs.in Lakhs)								Total
	I day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	
<b>Liabilities</b>									
Borrowings from Banks & NBFCs	10,132.85	10,633.01	9,378.37	30,498.77	45,173.41	58,554.29	2,145.76	-	166,516
Market Borrowings	-	2,308.33	2,041.67	3,399.67	15,407.67	37,624.33	10,000.00	1,500.00	72,282
<b>Assets</b>									
Advances (Micro Finance Loans)	24,610.81	21,178.17	19,078.21	57,684.27	83,547.45	38,158.15	-	-	244,257
Investments	-	-	-	-	-	-	-	5.00	5.00



41. 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 2020		As at 31 March 2019		As at 01 April 2018	
		Amount Outstanding in Rs.	Amount Overdue Amount in Rs.	Amount Outstanding in Rs.	Amount Overdue Amount in Rs.	Amount Outstanding in Rs.	Amount Overdue Amount in Rs.
<b>Liabilities</b>							
I	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:						
(a)	Debentures (Refer Note below)						
	- Secured	33,013.06	-	38,915.32	-	54,848.80	-
	- Unsecured (other than falling within the meaning of public deposits)	35,982.87	-	46,332.82	-	17,414.23	-
(b)	Deferred Credits						
(c)	Term Loans (Refer Note Below)						
	- Secured	373,741.18	-	247,107.97	-	159,565.25	-
	- Unsecured	5,037.65	-	5,043.19	-	7,540.80	-
(d)	Inter-Corporate Loans and Borrowings						
(e)	Commercial Paper	2,290.21	-	5,000.00	-	1,500.00	-
(f)	Finance Lease obligations						
(g)	Cash Credits		-	8.98	-		-

**Note:** Includes Interest Accrued but Not Due on Debentures amounting to Rs. 991.35 Lakhs (As at 31 March 2019 : Rs. 1,873.47 Lakhs; As at 1 April 2018 : Rs. 1,481.6) and Term Loans amounting to Rs. 1,697.30 Lakhs (As at 31 March 2019: Rs.792.86 Lakhs ; As at 1 April 2018 : Rs.823.70 Lakhs).

S.No	Particulars	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
		Amount Outstanding in Rs. In Lakhs	Amount Outstanding as at 31 March 2020 Amount in Rs. In Lakhs	Amount Outstanding in Rs. In Lakhs	Amount Outstanding as at 31 March 2019 Amount in Rs. In Lakhs	Amount Outstanding in Rs. In Lakhs	Amount Outstanding as at 01 April 2018 Amount in Rs. In Lakhs
<b>Assets:</b>							
2	Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :						
(a)	Secured		1,467.92		203.53		333.74
(b)	Unsecured (Refer Note below)		451,369.70		236,233.96		210,874.87
3	Break-up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities						
(i)	Lease Assets including Lease Rentals Accrued and Due						
	(a) Financial Lease		-		-		-
	(b) Operating Lease		-		-		-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors						
	(a) Assets on Hire		-		-		-
	(b) Repossessed Assets		-		-		-
(iii)	Other Loans counting towards AFC Activities						
	(a) Loans where Assets have been Repossessed		-		-		-
	(b) Loans other than (a) above		-		-		-





S.No	Particulars	Amount Outstanding as at 31 March 2020 Amount in Rs. In lakhs	Amount Outstanding as at 31 March 2019 Amount in Rs. In lakhs	Amount Outstanding as at 01 April 2018 Amount in Rs. In lakhs
<b>4</b>	<b>Break-up of Investments</b>			
	<b>Current Investments</b>			
	<b>Quoted:</b>			
	Shares: (a) Equity	-	-	-
	(b) Preference	-	-	-
	Debentures and Bonds	-	-	-
	Units of Mutual Funds	-	-	-
	Government Securities	-	-	-
	Others (please specify)	-	-	-
	<b>Unquoted:</b>			
	Shares: (a) Equity	-	-	-
	(b) Preference	-	-	-
	Debentures and Bonds	-	-	-
	Units of Mutual Funds	-	-	-
	Government Securities	-	-	-
	Others (please specify)	-	-	-
	<b>Long Term Investments</b>			
	<b>Quoted:</b>			
	Shares: (a) Equity	-	-	-
	(b) Preference	-	-	-
	Debentures and Bonds	-	-	-
	Units of Mutual Funds	-	-	-
	Government Securities	-	-	-
	Others (please specify)	-	-	-
	<b>Unquoted:</b>			
	Shares: (a) Equity	5	5	5
	(b) Preference	-	-	-
	Debentures and Bonds	-	-	-
	Units of Mutual Funds	-	-	-
	Government Securities	-	-	-
	Investment in Pass Through Certificates	-	-	-

S.No	Category	As at 31 March 2020 Amount in Rs. In lakhs (Net of Provisions) (Refer Note below)		As at 31 March 2019 Amount in Rs. In lakhs (Net of Provisions) (Refer Note below)		As at 01 April 2018 Amount in Rs. In lakhs (Net of Provisions) (Refer Note below)	
		Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
<b>5</b>							
1	Related Parties						
	(a) Subsidiaries	-	-	-	-	-	-
	(b) Companies in the same Group	-	-	-	-	-	-
	(c) Other Related Parties	-	-	-	-	-	-
2	Other than Related Parties	1,387.91	421,313.64	232,042.40	260.04	203,201.18	
	<b>Total</b>	<b>1,387.91</b>	<b>421,313.64</b>	<b>232,042.40</b>	<b>260.04</b>	<b>203,201.18</b>	

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

6	Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted):	Category	As at 31 March 2020		As at 31 March 2019		As at 01 April 2018	
			Market Value / Break up Value of Fair Value or Net Asset Value (Company's Share) as on 31 March 2020 Amount in Lakhs	Book Value as on 31 March 2020 Amount in Lakhs	Market Value / Break up Value of Fair Value or Net Asset Value (Company's Share) as on 31 March 2019 Amount in Lakhs	Book Value as on 31 March 2019 Amount in Lakhs	Market Value / Break up Value of Fair Value or Net Asset Value (Company's Share) as on 01 April 2018 Amount in Lakhs	Book Value as on 01 April 2018 Amount in Lakhs
1	Related Parties							
(a)	Subsidiaries							
(b)	Companies in the Same Group							
(c)	Other Related Parties							
2	Other than Related Parties	7.48	5.00	7.48	5.00	7.48	5.00	7.48
	(Refer Note Below)							
	<b>Total</b>	<b>7.48</b>	<b>5.00</b>	<b>7.48</b>	<b>5.00</b>	<b>7.48</b>	<b>5.00</b>	<b>7.48</b>
7	Other Information							
(i)	Gross Non-Performing Assets		10,051.06		1,847.21			
(ii)	Net Non-Performing Assets		-		-			
(iii)	Assets Acquired in Satisfaction of Debt		-		-			5,676.14



**Asirvad Microfinance Limited**

Notes forming part of the Financial Statements for the year ended 31 March 2020

**42 Loan Portfolio and Provision for Standard and Non Performing Assets**

(a) **Current Year**

Asset Classification	Loan Outstanding as at 31 March 2020 (Gross) Amount in Rs. Lakhs	Provision as at 31 March 2020 Amount in Rs in Lakhs	Loan Outstanding as at 31 March 2020 (Net) Amount in Rs. In Lakhs
<b>Receivables under Financing Activities (including securitised assets) (Refer Note below)</b>			
Standard Assets	540,212.56	8,459.05	531,753.51
Non - Performing Assets	10,051.06	10,051.06	-
<b>Total</b>	<b>550,263.62</b>	<b>18,510.11</b>	<b>531,753.51</b>

(b) **Previous Year (18-19)**

Asset Classification	Loan Outstanding as at 31 March 2019 (Gross) Amount in Rs. In lakhs	Provision as at 31 March 2019 Amount in Rs in lakhs	Loan Outstanding as at 31 March 2019 (Net) Amount in Rs. In Lakhs
<b>Receivables under Financing Activities (including securitised assets) (Refer Note below)</b>			
Standard Assets	382,231	3,540	378,691
Non - Performing Assets	1,847	1,847	-
Loss Assets			
<b>Total</b>	<b>384,078</b>	<b>5,387</b>	<b>378,691</b>

(c) **Previous Year (17-18)**

Asset Classification	Loan Outstanding as at 01 April 2018 (Gross) Amount Rs.in Lakhs	Provision as at 01 April 2018 Amount Rs.in Lakhs	Loan Outstanding as at 01 April 2018 (Net) Amount Rs.in Lakhs
<b>Receivables under Financing Activities (including securitised assets) (Refer Note below)</b>			
Standard Assets	238,044.15	2,392.15	235,652.00
Non - Performing Assets	5,676.14	5,676.14	-
<b>Total</b>	<b>243,720.29</b>	<b>8,068.29</b>	<b>235,652.00</b>

**Note:** Loans outstanding mentioned above includes securitised assets which are derecognised (As at 31 March 2020 - Rs.1,07,246.23 Lakhs, As at 31 March 2019 - Rs. 28,733.88 lakhs and as at 1 April 2018 Rs.137.42 lakhs)

**43 Changes in Provisions**

(a) **Current Year**

Particulars	Amount Rs.in Lakhs			
	As at I April 2019	Provision for the Year	Utilization/ Reversal	As at 31 March 2020
Loans	5,387.15	14,737.61	1,614.65	18,510.11
Provision for Credit Enhancements on Assets De-Recognised	-	-	-	-
<b>Total</b>	<b>5,387.15</b>	<b>14,737.61</b>	<b>1,614.65</b>	<b>18,510.11</b>

(b) **Previous Year (FY 18-19)**

Particulars	Amount Rs.in Lakhs			
	As at I April 2018	Provision for the Year	Utilization/ Reversal	As at 31 March 2019
Loans	8,068.29	2,841.95	5,523.09	5,387.15
Provision for Credit Enhancements on Assets De-Recognised	-	-	-	-
<b>Total</b>	<b>8,068.29</b>	<b>2,841.95</b>	<b>5,523.09</b>	<b>5,387.15</b>

(c) **Previous Year (17-18)**

Particulars	Amount Rs.in Lakhs			
	As at I April 2017	Provision for the Year	Utilization/ Reversal	As at 31 March 2018
Loans	9,669.92	12,748.57	14,350.20	8,068.29
Provision for Loss Assets under Financing Activities	-	-	-	-
Provision for Credit Enhancements on Assets De-Recognised	6.92	-	6.92	-
<b>Total</b>	<b>9,676.84</b>	<b>12,748.57</b>	<b>14,357.12</b>	<b>8,068.29</b>

## 43.I An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is as follows:

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018			Total
	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	
Gross carrying amount as at 1 April	352,512.78	1,017.38	1,814.16	236,823.00	1,085.13	5,074.75	158,085.27	7,149.63	7,246.39	172,481.29
New assets originated or purchased	442,760.61	420.48	3,174.22	316,900.95	788.85	389.51	247,048.35	547.66	1,306.89	248,902.90
Assets derecognised or repaid (excluding write offs)	(354,920.33)	(729.40)	(1,443.46)	(146,545.71)	(45.55)	4,467.93	(29,207.63)	4,254.72	5,873.34	(19,079.57)
Transfers to Stage 1	(7,682.33)	1,507.31	6,175.02	182,598.22	-	-	22,073.00	-	-	22,073.00
Transfers to Stage 2	8.33	(513.58)	505.25	-	698.74	-	-	619.82	-	619.82
Transfers to Stage 3	0.27	0.14	(0.41)	-	-	1,603.86	-	-	4,498.84	4,498.84
Amounts written off	-	-	(1,614.65)	(445.68)	(424.66)	(4,647.14)	(3,090.72)	(4,337.07)	(6,004.32)	(13,432.11)
<b>Gross carrying amount as at 31 March</b>	<b>432,679.32</b>	<b>1,702.34</b>	<b>8,610.13</b>	<b>352,512.78</b>	<b>1,017.38</b>	<b>1,814.16</b>	<b>236,823.00</b>	<b>1,085.13</b>	<b>5,674.75</b>	<b>243,582.88</b>

## Reconciliation of ECL balance is given below:

Particulars	As at 31 March 2020			As at 31 March 2019			As at 1 April 2018			Total
	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	Stage 1: 0-30 days	Stage 2: 31-90 days	Stage 3: >90 days	
ECL allowance as at 1 April	3,529.40	10.54	1,847.21	2,380.73	11.42	5,076.14	1,575.96	71.47	8,022.48	9,669.91
New assets originated or purchased	9,956.60	26.73	3,141.17	3,166.54	7.89	283.36	2,471.87	5.47	1,189.63	3,666.97
Assets derecognised or repaid (excluding write offs)	(3,549.20)	(7.29)	(1,443.46)	(1,458.14)	(0.09)	4,607.09	(277.90)	43.12	5,990.61	5,755.83
Transfers to Stage 1	(76.82)	15.07	6,175.02	1,825.46	-	-	217.67	-	-	217.67
Transfers to Stage 2	0.08	(5.14)	505.25	-	6.99	-	-	6.20	-	6.20
Transfers to Stage 3	0.00	0.00	(0.41)	-	-	1,603.90	-	-	4,500.22	4,500.22
Amounts written off	-	-	(1,614.65)	(4.46)	(4.25)	(4,647.14)	(30.91)	(43.37)	(6,004.32)	(6,078.60)
<b>ECL allowance as at 31 March</b>	<b>9,860.06</b>	<b>39.92</b>	<b>8,610.13</b>	<b>3,529.40</b>	<b>10.54</b>	<b>1,847.21</b>	<b>2,380.73</b>	<b>11.42</b>	<b>5,676.14</b>	<b>8,068.29</b>



**Asirvad Microfinance Limited**

Notes forming part of the Financial Statements for the year ended 31 March 2020

**44 Disclosures of Frauds Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 /03.I0.042 / 2011-12 dated 2 March 2012:**

**a) Current Year FY 2019-20**

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement 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>

**b) Previous Year 18-19**

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement of Cash				
- By Employees	21	197.97	6	12.96
- By Others	6	9.05	25	13.15
<b>Total</b>	<b>27</b>	<b>207.02</b>	<b>31</b>	<b>26.11</b>

**c) Previous Year 17-18**

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement of Cash				
- By Employees	15	87.61	9	3.16
- By Others	2	2.64	11	7.76
<b>Total</b>	<b>17</b>	<b>90.25</b>	<b>20</b>	<b>10.92</b>

**Note:**

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

**44.I Disclosure as required under DNBS (PD) CC. No. 300 / 03.I0.038/2012-13 dated August 3, 2012**

Net Interest Margin during the Year:

Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019	For the Year ended 01 April 2018
Average Interest (a)	21.49%	21.70%	22.25%
Average effective cost for borrowing Interest (b)	11.49%	12.31%	12.39%
Net Interest Margin (a-b)	10.00%	9.39%	9.86%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the years ended 31 March 2020 and 31 March 2019.

The Average interest cost of borrowings of the Company for the years ended 31 March 2020 and 31 March 2019 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.



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

S.No	Loans and Advances in the nature of Loans	As at 31 March 2020 Amount in Lakhs		As at 31 March 2019 Amount in Lakhs		As at 01 April 2018 Amount in Lakhs	
		Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a)	From Holding Company: - Mannapuram Finance Limited	-	-	-	-	-	-
(b)	To Fellow Subsidiaries - No Fellow Subsidiaries during the Current Year	-	-	-	-	-	-
(c)	To Associates - No Associate during the Current Year	-	-	-	-	-	-
(d)	Where there is - No Repayment Schedule - Repayment Schedule beyond seven years - No Interest - Interest below the rate as specified in section 186 of the Companies Act, 2013	- - - -	- - - -	- - - -	- - - -	- - - -	- - - -
(e)	To Firms / Companies in which directors are interested (Other the (a) and (b) above)	-	-	-	-	-	-
(f)	Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-	-	-

**Note:** The information on maximum amount outstanding has been disclosed from the date on which the concerned director was appointed on the Board of the Company.

**45 Referral Fees**

The Company has entered into agreements with Inthre Access, Uniq Synergy, Aspire Innovate, Eureka Forbes, Gloworld, Greenlight Planet, Greenway Grameen, Ulink Agritech, Preethi Appliances for facilitating sale of their products (solar lamps, water purifier, cookware, home utility appliance, biomass stoves etc.) to its members. The Company receives referral fees for the products disbursed based on slab rates specified in the terms of the agreements entered with them. The Company has received an amount of Rs.4,543.28 Lakhs (Previous Year : Rs. 5318.57 Lakhs) towards referral fee for the facilitating of their products.

**46 Corporate Social Responsibility (CSR)**

During the year, the Company incurred an aggregate amount of Rs.150.56 Lakhs (Previous Year - Rs. 31 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:

- (i) Gross amount required to be spent by the Company during the year: Rs. 135.86 Lakhs
- (ii) Amount spent by the Company during the year:

(Amount Rs.in Lakhs)

Particulars	Amount Paid	Yet to be Paid	Total
Manappuram Foundation	121.00	-	121.00
Asirvad Development Foundation	15.00	-	15.00
Chief Minister Relief Fund, Odisha	3.00	-	3.00
Manava Seva Dharma Sarvardhani Trust	6.00	-	6.00
Others	5.56	-	5.56
<b>Total</b>	<b>150.56</b>	<b>-</b>	<b>150.56</b>

**47 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 2020, Rs.4,706.56 Lakhs is transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

**Asirvad Microfinance Limited**  
**Notes forming part of the Financial Statements for the year ended 31 March 2020**

**48 Impact of Changes in Accounting Policy**

Pursuant to the regulatory guidance on Ind AS issued by RBI dated 13 March 2020 to promote consistent Ind AS implementation among NBFCs, the Company has changed its policy on accounting for securitised assets and direct assignment transactions. The securitised assets which were hitherto, de-recognised in the books based on 'True Sale Criteria' prescribed by RBI, have now been re-recognised in the books along with interest income using effective interest rate as the company has not transferred substantially all the risks and rewards in accordance with the provisions of Indian Accounting Standard No.109 (Ind AS 109), 'Financial Instruments'. Proceeds received from securitisation has been recognised as Borrowings (other than debt securities) and Interest thereon has been recognised as Finance cost. Similarly, the gain on sale of assets arising from a direct assignment transactions, has been recognised on de-recognition as interest only strip.

Accordingly, as per para 14 (b) of IND AS 8, the Company has retrospectively changed the policy to reflect the above changes in the financial statements, thereby providing reliable and more relevant information about the Company's financial position, financial performance or cash flows. The impact of such change is as under :

Financial line item	(Amount Rs in Lakhs)		
	As at and for the year ended 31 March 2020 (increase / (decrease))	As at and for the year ended 31 March 2019 (increase / (decrease))	As at 1 April 2018 (increase / (decrease))
Interest Income	2,741.91	3,407.49	Not applicable
Net Gain on derecognition of Financial Instruments	12,590.98	2,957.17	Not applicable
Other income	(75.00)	(45.00)	Not applicable
Finance Cost	8,844.29	2,549.72	Not applicable
Provision and Other Losses	(602.76)	864.06	Not applicable
Other Expenses	(89.13)	(23.01)	Not applicable
Tax Expense	1,788.45	1,023.47	Not applicable
<b>Profit after Tax for the year</b>	<b>5,317.04</b>	<b>1,905.42</b>	Not applicable
Loans	60,873.44	117,669.55	31,748.50
Other Financial assets	6,738.61	589.58	(453.58)
Deferred tax assets (net)	(2,968.07)	(1,179.62)	(156.14)
Other non financial assets	(13.41)	(51.52)	-
Borrowings (other than debt security)	59,087.77	118,153.96	31,835.32
Other Financial liabilities	(1,970.36)	(3,322.10)	(987.25)
Other Equity	7,513.17	2,196.13	290.71
<b>Impact on Earnings per Share of Rs.10 each</b>			
- Basic	9.91	4.51	Not applicable
- Diluted	9.91	4.51	Not applicable



**Asirvad Microfinance Limited**  
**Notes to Financial Statements for the year ended 31 March, 2020**

**49 Employee Stock Option Scheme (ESOS)**

**Employee Stock Option Scheme (ESOS), 2019**

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

Date of share holders' approval	February 2, 2019
Number of options approved	830,000
Date of grant	July 1, 2019
Number of options granted	830,000
Method of settlement	Equity Shares
Graded Vesting	30% after two years from the date of grant i.e. July 1, 2021 and 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four year from the date of grant i.e. July 1, 2023
Exercisable period	4 years from vesting date
Vesting conditions	Continuous employment /service as on relevant date of vesting and pre-determined performance parameters if any

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

The Company has granted 830,000 options at an exercise price of 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, 35% after three years from the date of grant i.e. July 1, 2022 and the balance 35% after four years from the date of grant i.e. July 1, 2023. The exercise period commences from the date of vesting and will expire not later than four years from the date of vesting.

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

Particulars	As at 31 March 2020		As at 31 March 2019		As at 1 April 2018	
	Options (Number)	Weighted Average Exercise price per option (Rs)	Options (Number)	Weighted Average Exercise price per option (Rs)	Options (Number)	Weighted Average Exercise price per option (Rs)
Options outstanding, beginning of year	-	-	-	-	-	-
Options granted during the year	830,000	364	-	-	-	-
Increase on account of bonus issue	-	-	-	-	-	-
Lapsed Options restored during the year	-	-	-	-	-	-
Options lapsed during the year	-	-	-	-	-	-
Options Exercised during the year	-	-	-	-	-	-
<b>Options unvested and Outstanding at the End of the Year</b>	<b>830,000</b>	<b>364</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**(b) 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	3 years
Expected volatility	50.00%
Share price on the date of grant (Face value Rs. 10)	239.37

**(c) Total Expense on account of the above ESOP Scheme for the year ended 31 March 2020 - Rs. 178.86 Lakhs**





**Asirvad Microfinance Limited**

**Notes forming part of the financial statements for the year ended 31 March 2020**

- 50** 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 of three months on the payment of all principal instalments and/ or interest, as applicable, falling due between 1 March 2020 and 31 May 2020 to all eligible borrowers classified as standard, even if overdue as on 29 February 2020, excluding the collections already made in the month of March 2020. For all such accounts where the moratorium is granted, the asset classification will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification as per the Company's policy).

Further, the Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets. Given the uncertainty over the potential macro-economic impact, the Company's management has considered internal and external information including credit reports and economic forecasts upto the date of approval of these financial statement. Accordingly, the Company has made an additional prudential provision of Rs. 5,502.64 Lakhs, over and above provision made under ECL, towards potential impact on account of COVID-19 pandemic as at 31 March 2020, which is disclosed as an exceptional item. Based on the current indicators of future economic conditions and information available at this point of time, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets.

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

**51 Previous Year Figures**

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

- 52** The Board of Directors of the Company has reviewed the realisable value of all the financial assets and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognized in the financial statements. In addition, the Board has also confirmed the carrying value of the non-financial assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these financial statements in its meeting held on 12 May 2020.

**For and on behalf of the Board of Directors of Asirvad**

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

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

**Yogesh Ratnakar Udhoji**  
Chief Financial Officer

**Anup Gupta**  
Company Secretary

Place : Chennai  
Date : 12 May 2020





# Corporate Events

12



# Corporate Events 2020

## WOMEN'S DAY CELEBRATION





# CORPORATE OFFICE INAUGURAL CEREMONY

