MADURA
micro finance

# Standalone Financial Statement

## INDEPENDENT AUDITORS' REPORT

## To the Members of Madura Micro Finance Limited

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Madura Micro Finance Limited ("the Company"), which comprise the Balance sheet as at 31 March 2021, the statement of Profit and Loss, including the statement of Other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including 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 standalone financial statements give the information required by the Companies Act 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, its loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw your attention to Note no. 46 to the Standalone financial statements about the uncertainties prevailing on the balance sheet date on the recoverability of the company's loans and advances on account of the COVID-19 impact. The estimates and assumptions made by management in determining the impairment provision required for these loans are subject to matters that are outside the control of the Company and hence the actual results may vary from these estimates.

Our opinion is not modified in respect of above matter.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31'st March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How the matter was addressed |
| --- | --- |
| Provision for expected credit loss (ECL) on loans (Refer note 3.13.4 and note 6 to the Financial Statements)<br><br>Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The significant judgements are:<br><br>• Timely identification and classification of the impaired loans, and<br><br>• Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors<br><br>The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates.<br><br>Following are points with increased level of audit focus:<br><br>• Classification of assets to stage 1, 2, or 3 (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars;<br>• Accounting interpretations, modelling assumptions and data used to build and run the models;<br>• Measurement of borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios;<br>• Inputs and Judgements used in determination of Management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic and<br>The disclosures made in Financial Statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL. | • Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109, the governance framework approved by the Board of Directors and moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.<br><br>• Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing loans (stage 1) to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3 or vice versa along with additional considerations applied by the Management for staging of loans as SICR or default categories in view of Company's policy on moratorium.<br><br>• Tested the input data used for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. Also, agreed the input data with the underlying books of accounts and records.<br><br>• Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).<br><br>• Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.<br><br>• Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regard to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation. |

## Information Other than the Consolidated Financial Statements and Auditors' 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 and chairman's statement but does not include the standalone financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the reports, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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.

## Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has 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 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 auditors’ report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors’ Report) Order, 2016 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the “Annexure A” a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2.As required by Section 143(3) of the Act, 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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 B".
(c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements Refer Note 33 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts at the end of the year for which there was 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

(h) As required by Section 197(16) of the Act, we report that the remuneration paid by the company to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197 except for Central Government approval yet to be received for appointment and payment of remuneration to erstwhile Managing Director for the period from Oct 2013 to Sep 2016. Refer note 43.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S Narasimhan
Partner
Membership No. 206047

*Chennai*
*26 04 2021*
UDIN:**21206047AAAABU2778**

## Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Madura Micro Finance Limited ("the Company") on the standalone financial statements as of and for the year ended 31 March 2021.

(i) In respect of the Company's fixed assets :

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the management during the year. In our opinion, and 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, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of the land and buildings which are freehold, are held in the name of the Company as at Balance Sheet date

(ii) Interest income on all financial assets required to be measured at FVTPL is recognised using the contractual interest rate.

(iii) The Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act except for an unsecured advance of Rs.2.36 cr to its subsidiary, Madura Micro Education Private Limited and which amount is outstanding as on 31st March 2021. This advance has been fully provided for in the books. According to the information and explanations given to us, there are no specific terms regarding interest or principal repayment in respect of this advance However, in view of this being a 100% subsidiary, it is not considered as being prejudicial to the interest of the company, as the amount has been fully provided for and no interest is being accrued on this advance.

(iv) In our opinion and according to the information and explanation given to us, the Company has complied with provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees, and securities, as applicable. No interest is being accrued on advance given to subsidiary as the entire amount of advance has been provided for.

(v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.

(vi) IThe Company is not required to maintain cost records specified by the Central Government under sub section (1) of section 148 of the Act.

((vii)

(a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, Goods and Services Tax(GST), cess and any other statutory dues as applicable with the appropriate authorities.

(b) There are no dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, Goods and Services Tax (GST) which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.

(xi) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans taken during the year were applied for the purposes for which those are raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no significant fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act except for Central Government approval yet to be received for appointment and payment of remuneration to erstwhile Managing Director for the period from Oct 2013 to Sep 2016. Refer note 43.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable.

(xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.

(xvi) The company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934, and accordingly registration has been obtained.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S Narasimhan
Partner
Membership No. 206047

*Chennai*
*26 04 2021*
UDIN:**21206047AAAABU2778**

# Annexure B

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

## Report on the Internal Financial Controls 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 **Madura Micro Finance Limited** ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls with certain changes for remote work environment were operating effectively as at 31 March 2021, 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.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S Narasimhan
Partner
Membership No. 206047

*Chennai*
*26 04 2021*
UDIN:**21206047AAAABU2778**

# Balance Sheet

## STANDALONE BALANCE SHEET AS AT 31.03.2021

₹ in crores

| Particulars | Note No. | As At 31.03.2020 | As At 31.03.2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| (a) Cash and cash equivalents | 4 | 485.45 | 80.20 |
| (b) Bank balance other than cash and cash equivalents | 5 | 52.91 | 56.94 |
| (c) Loans | 6 | | |
| - Loan portfolio (excluding securitised assets) | | 1,989.54 | 1,831.97 |
| - Securitised assets | | 13.12 | 94.60 |
| (d) Investments | 7 | 0.34 | 45.36 |
| (e) Other financial assets | 8 | 22.05 | 12.60 |
| **(2) Non-financial assets** | | | |
| (a) Current tax assets (net) | 29D | 1.37 | 4.48 |
| (b) Deferred tax assets (net) | 29C | 24.52 | 12.24 |
| (c) Property, plant and equipment | 9 | 5.78 | 7.50 |
| (d) Right to use assets | 9 | 0.84 | 1.61 |
| (e) Other intangible assets | 9 | 1.94 | 0.89 |
| (f) Other non-financial assets | 10 | 0.37 | 0.76 |
| **Total assets** | | **2,598.23** | **2,149.15** |
| **LIABILITIES AND EQUITY** | | | |
| **(1) Financial liabilities** | | | |
| (a) Payables | | | |
| (I) Trade payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | | |
| (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| (II) Other payables | | - | - |
| (i) Total outstanding dues of micro enterprises and small enterprises | | 24.83 | 22.35 |
| (ii) Total outstanding dues of creditors other than micro | | - | - |
| enterprises and small enterprises | | 7.72 | 6.45 |
| **(2) Non-financial liabilities** | | | |
| - Debt securities | 11 | 168.85 | 137.30 |
| - Borrowings (other than debt securities) | 12 | 1,902.86 | 1,417.64 |
| - Subordinated liabilities | 13 | 74.93 | 74.90 |
| - Financial liability towards securitisation | 14 | 9.15 | 80.79 |
| (c) Other financial liabilities | 15 | 0.98 | 1.73 |
| (2) Non-financial liabilities | | | |
| (a) Provisions | 16 | 5.85 | 4.23 |
| (b) Other non-financial liabilities | 17 | 1.74 | 2.17 |
| **(3) Equity** | | | |
| (a) Equity share capital | 18 | 7.19 | 7.19 |
| (b) Other equity | 19 | 394.13 | 394.40 |
| **Total liabilities and equity** | | **2,598.23** | **2,149.15** |

**Significant Accounting Policies**
The accompanying notes 1 to 51 are an integral part of the standalone financial statements.

| | | |
|---|---|---|
| **Chennai** | Tara Thiagarajan | F S Mohan Eddy |
| **Date: 26.04.2021** | **Director** | **Director** |

# Profit And Loss

## STANDALONE PROFIT & LOSS AS AT 31.03.2021

₹ in crores

| Particulars | Note No. | For the year ended As At 31.03.2020 | As At 31.03.2019 |
|---|---|---|---|
| **I Revenue from operations** | | | |
| (a) Interest income | 20 | | |
| - Interest on loans | | | |
| - Income on securitisation | | | |
| - Income from portfolio purchased under | | 392.25 | 414.98 |
| assignment | | 12.96 | 27.59 |
| (b) - Interest on deposits with banks and financial | | 0.75 | 7.36 |
| (c) institutions | | 6.66 | 5.01 |
| (d) Fees and commission | 21 | 0.01 | 0.26 |
| (e) Dividend income | | - | 0.16 |
| (f) Net gain on fair value changes | 22 | 2.26 | 2.51 |
| Bad debt recovery | | 4.45 | 2.87 |
| Others | 23 | 13.59 | 10.36 |
| **Total revenue from operations (I)** | | **432.93** | **471.11** |
| **II Other income** | 24 | 2.34 | 4.39 |
| III Total income (I+II) | | 435.27 | 475.50 |
| IV Expenses | | | |
| (a) Finance costs | 25 | | |
| - On borrowings | | 185.76 | 185.23 |
| - On financial liability towards securitisation | | 4.39 | 9.96 |
| - On finance lease obligation | | 0.17 | 0.20 |
| (b) Impairment of financial instruments | 26 | 124.66 | 56.76 |
| (c) Employee benefits expenses | 27 | 80.26 | 67.09 |
| (d) Depreciation, amortisation and impairment expenses | 9 | 4.25 | 4.99 |
| (e) Other expenses | 28 | 35.28 | 44.69 |
| **Total expenses (IV)** | | **434.77** | **368.92** |
| **V Profit before tax (III-IV)** | | 0.50 | 106.58 |
| **VI Tax expense** | **29** | | |
| (1) Current tax | | | |
| Current year | | 13.00 | 30.01 |
| Pertaining to earlier years | | - | (1.74) |
| (2) Deferred tax | | (12.27) | (1.53) |
| **Total tax expense (VI)** | | **0.73** | **26.74** |
| **VII Profit for the year (V-VI)** | | **(0.23)** | **79.84** |
| **VIIIOther comprehensive income** | | | |
| (a) (1) Items that will not be reclassified to profit or loss | | | |
| - Remeasurement (losses) and gains on defined benefit | | | |
| obligations (net) | | (0.05) | (0.28) |
| (2) Income tax relating to items that will not be reclassified | | 0.01 | 0.07 |
| (b) to profit or loss | | | |
| **Subtotal (a)** | | **(0.04)** | **(0.21)** |
| (1) Items that will be reclassified to profit or loss | | | |
| - Net change in fair value of loans measured at fair value | | | |
| through other comprehensive income | | | |
| (2) Income tax relating to items that will be reclassified | | | |
| to profit or loss | | | |
| **Subtotal (b)** | | | |
| **Other comprehensive income (VIII = a+b)** | | **(0.04)** | **(0.21)** |

| | | | |
|---|---|---|---|
| IX | **Total comprehensive income (VII+VIII) (comprising profit and other comprehensive income for the year)** | **(0.27)** | **79.63** |
| X | **Earnings per equity share (face value of ₹10.00 each)** | | |
| | **Basic (Rs.)** | (0.32) | 110.97 |
| | **Diluted (Rs.)** | (0.32) | 110.97 |

**The accompanying notes 1 to 51 are an integral part of the standalone financial statements.**

As per our report of even date
For PKF Sridhar & Santhanam LLP
**Chartered Accountants**
Firm Registration No:003990S / S200018

S. Narasimhan
**Partner**
(Membership No : 206047)

Tara Thiagarajan
**Director**

F S Mohan Eddy
**Director**

**Chennai**

**Date: 26.04.2021**

M. Narayanan
**Chief Executive Officer & Chief Financial Officer**

Ganesh Hegde
**Company Secretary**

## Statement of standalone cash flows for the year ended March 31, 2021

### Equity share capital

### Equity shares of ₹10 each issued, subscribed and fully paid.

| Particulars | No of shares | ₹ in crores |
|---|---|---|
| At 01.04.2019 | 7,194,761 | 7.19 |
| Changes in equity share capital during the year | - | - |
| At 31.03.2020 | 7,194,761 | 7.19 |
| Changes in equity share capital during the year | - | - |
| as at 31.03.2021 | 7,194,761 | 7.19 |

### Other equity

| Particulars | Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | Securities premium | Retained earnings | Total |
|---|---|---|---|---|
| **As at 01.03.2019** | **46.26** | **83.65** | **184.86** | **314.77** |
| Profit for the year | - | - | 79.84 | 79.84 |
| Remeasurement of defined benefit plans (net of taxes) | - | - | (0.21) | (0.21) |
| Transferred to statutory reserves | 15.93 | - | (15.93) | |
| **As at 31.03.2020** | **62.19** | **83.65** | **248.56** | **394.40** |
| Profit for the year ended 31.03.2020 | - | - | (0.23) | (0.23) |
| Remeasurement of defined benefit plans (net of taxes) | - | - | (0.04) | (0.04) |
| Transferred to statutory reserves | | - | | |
| **As as at 31.03.2021** | **62.19** | **83.65** | **248.29** | **394.13** |

**The accompanying notes 1 to 51 are an integral part of the standalone financial statements.**

As per our report of even date
For PKF Sridhar & Santhanam LLP
**Chartered Accountants**
Firm Registration No:003990S / S200018

S. Narasimhan
**Partner**
(Membership No : 206047)

Tara Thiagarajan
**Director**

F S Mohan Eddy
**Director**

**Chennai**

**Date: 26.04.2021**

M. Narayanan
**Chief Executive Officer & Chief Financial Officer**

Ganesh Hegde
**Company Secretary**

# Cash Flow

## Statement of standalone cash flows for the year ended March 31, 2021

₹ in crores

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit before tax | 0.50 | 106.58 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Interest income on loans | (393.00) | (422.34) |
| Income on securitisation | (12.96) | (27.59) |
| Depreciation and amortisations | 4.25 | 4.99 |
| Interest expense on borrowings | 185.93 | 185.43 |
| Interest expenses on financial liability towards securitisation | 4.39 | 9.96 |
| Impairment on financial instruments | 60.22 | 8.47 |
| Net gain on financial instruments at fair value through profit or loss | (11.95) | (12.87) |
| Dividend Income | | (0.16) |
| | **(163.12)** | **(254.11)** |
| **Operational cash flows from interest:** | | |
| Interest received on loans | 369.03 | 423.29 |
| Interest received on loans securitised | 13.31 | 27.20 |
| Interest paid on borrowings | (182.02) | (184.81) |
| Interest on financial liability towards securitisation | (4.50) | (10.05) |
| **Working capital changes:** | | |
| (Increase) / decrease in derivative financial instruments | - | (0.07) |
| (Increase) / decrease in loans | (184.90) | (135.68) |
| (Increase)/ decrease in securitised assets | 81.90 | 51.91 |
| (Increase) / decrease in bank balance other than cash and cash equivalents | 4.03 | (1.94) |
| (Increase)/ decrease in other financial assets | (9.45) | (4.68) |
| (Increase) / decrease in other non-financial assets | 0.39 | (0.55) |
| Increase/ (decrease) in trade and other payables | 3.75 | 12.84 |
| Increase / (decrease) in other financial liabilities | (0.75) | (1.18) |
| Increase / (decrease) in provisions | 1.56 | 0.94 |
| Increase/ (decrease) in other non-financial liabilities | (0.43) | 0.86 |
| | **(103.90)** | **(77.57)** |
| Income tax paid | (9.89) | (34.90) |
| **Net cash flows used in operating activities (A)** | **(80.60)** | (4.37) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (1.49) | (7.81) |
| Purchase of Intangible assets | (1.32) | (0.39) |
| Purchase of investments at fair value through profit and loss | (1,006.30) | (1,422.25) |
| Sale of investments at fair value through profit and loss | 1,053.58 | 1,389.90 |
| **Net cash flows (used in) / from investing activities (B)** | **44.47** | **(40.55)** |

| | | |
|---|---|---|
| **Financing activities** | | |
| Debt securities (repaid) / issued (net) | 27.58 | (15.60) |
| Borrowings other than debt securities (repaid)/ issued (net) | 485.33 | 38.74 |
| Subordinated liabilities (repaid) / issued (net) | 0.00 | 25.00 |
| Financial liability towards securitisation (net) | (71.53) | (56.99) |
| **Net Cash flows from financing activities (C )** | **441.38** | **(8.85)** |
| | | |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **405.26** | **(53.77)** |
| Cash and cash equivalents as at the beginning of the year | **80.19** | **133.96** |
| Cash and cash equivalents as at the end of the year | **485.45** | **80.19** |
| | | |
| **Reconciliation of cash and cash equivalents as per cash flow statement** | | |
| Cash and cash equivalents consists of | | |
| Cash and cash equivalents as at the end of the year (Refer note 4) | **485.45** | **80.20** |
| Cash credit (refer note 12) | - | (0.01) |
| **Total** | **485.45** | **80.19** |

**The accompanying notes 1 to 51 are an integral part of the standalone financial statements.**

As per our report of even date
For PKF Sridhar & Santhanam LLP
**Chartered Accountants**
Firm Registration No:003990S / S200018

S. Narasimhan
**Partner**
(Membership No : 206047)

Tara Thiagarajan
**Director**

F S Mohan Eddy
**Director**

**Chennai**

**Date: 26.04.2021**

M. Narayanan
**Chief Executive Officer & Chief Financial Officer**

Ganesh Hegde
**Company Secretary**

## Madura Micro Finance Limited

## Notes to the financial statements for the year ended 31’st March, 2021

### 1. Corporate information

Madura Micro Finance Limited (“the Company”), headquartered in Chennai, is a Company incorporated on 02.09.2005 under Companies Act, 1956 and registered with the Reserve Bank of India as a Non-deposit accepting Non-Banking Financial Company (NBFC-ND) with effect from 28.02.2006. The Company got classified as a Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI) effective 11.12.2013. Some of the company’s debentures are listed in Bombay Stock Exchange.

Pursuant to the execution of Share Purchase Agreements dated 27th November 2019 by the Promoters, Major Shareholders and others, 75.64% of the paid-up Capital of the Company has been acquired by M/s CreditAccess Grameen Limited (CAGL), Bangalore, a Non-Banking Financial Company, on 18th March 2020.Consequently, effective 18th March 2020, your Company has become a Subsidiary of CAGL. As at 31 March 2021, CAGL holds 76.25% of the company.

The Company is primarily engaged in the business of providing loans to the Self-Help Groups (SHG) members and other loans.
The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on 26th April 2021

### 2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 (“the Act”).

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act)[Companies (Indian Accounting Standards) Rules, 2015 (as amended till date)] and other relevant provisions of the Act.

In respect of significant accounting matters, the Company has analysed the provisions contained in Ind AS and the relevant guidance as per RBI Guidelines and has adopted appropriate accounting treatment while ensuring compliance with RBI Guidelines. The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for NBFC-MFI’s and follows the provisioning norms as per Reserve Bank of India or IndAS whichever is more stringent.

The financial statements have been prepared on a historical cost basis, except for financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores, except when otherwise indicated.

In view of the matters as mentioned in Note 46 , the Company has assessed the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. After the lock down was lifted the business activities in the economy has improved. Borrowers are gradually able to increase repayment of loans. Company has seen increase in collection efficiency month on month. The new loan disbursements have also improved. The area of operation is rural and semi-urban, where the impact of the second wave has been lower and is likely to remain lower. Even in case of partial lockdown, the recoveries of loan is not expected to deteriorate. Company has sufficient liquidity to pay off its debts and Company has widened its funding sources while retaining existing lenders. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. Accordingly, the standalone financial statements have been prepared on a going concern basis.

## New and amended standards and interpretation

(a) Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'

(b) Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.

(c) Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.

(d) Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.

(e) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.

(f) Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.

(g) Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.

(h) Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

(i Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of these amendments has any material effect on the Company's financial statements

## New Standards notified but not effective

None

## 2.1 Critical accounting estimates and judgements

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment (Refer Note no.3.13) - Financial Instrument
- Fair value of financial instruments (Refer Note no.3.15) - Fair value measurement
- Effective interest rate (EIR) (Refer Note no. 3.1.1)
- Impairment of financial assets (Refer Note no.3.13.4)- Impairment of financial assets
- Provisions (Refer Note no. 3.8)
- Contingent liabilities and assets (Refer Note no.3.9)
- Provision for tax expenses (Refer note no.3.11) - Taxes
- Residual value and useful life of property, plant and equipment (Refer Note no. 3.6.1)
- Leases covered under INDAS 116 (Refer note 34)

## Estimation of impairment allowance on financial assets amidst COVID-19 pandemic:

Estimates and associated assumptions, especially for determining the impairment allowance for Company's financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Company believes that the factors considered are reasonable under the current circumstances.

The Company has used indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation with surge in Second Wave, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

## 2.2 Presentation of Consolidated financial statements

The Company presents its balance sheet in order of liquidity in accodance with Schedule III Division III of Companies Act 2013.

The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when INDAS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly the Company offsets incomes and expenses on a net basis only when it is specifically permitted to do so by INDAS.

## 3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented.

### 3.1 Revenue recognition

#### 3.1.1 Interest income

The Company computes Interest income by applying the Effective interest rate (EIR) to the gross carrying amount of a financial asset except for

- Purchased or originated credit-impaired financial assets, where the company applies the credit adjusted EIR to the amortised cost of the financial asset from initial recognition, and
- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit-impaired financial assets, where the company applies EIR to the amortised cost of the financial asset in subsequent reporting periods.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

When calculating the EIR, the Company includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, but not future credit losses.

3.1.2 Interest income on all financial assets required to be measured at FVTPL is recognised using the contractual interest rate.

3.1.3 Dividend income is recognised when the right to receive payment is established.

3.1.4 The Company recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis.

3.1.5 Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised.

3.1.6 Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

## 3.2 Finance cost

Borrowing cost on financial liabilities are recognised by applying the EIR.

## 3.3 Cash and cash equivalents

Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible with insignificant risk of changes in value.

## 3.4 Property, plant and equipment ('PPE')

Property, Plant and Equipment 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 in making the assets ready for intended use.

Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

## 3.5 Intangible assets

IIntangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

### Transition to IND AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all assets, recognised as of 1 April 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 3.6 Depreciation and amortization

### 3.6.1 Depreciation

Depreciation on PPE (other than freehold land and properties under construction) is recognised and measured on the depreciable amount ( being cost less residual value) using the straight-line method as per the useful life estimated by the management which are as follows:

| Asset Type | Useful Life |
|---|---|
| Computer | 3 years |
| Office equipment | 5 years |
| Plant and Machinery | 10 years |
| Mobile phones | 5 years |
| Motor Vehicles | 8 years |
| Furnitures & Fixtures | 10 years |
| Electrical Fittings | 10 years |
| Buildings | 30 years |
| Software | 5 years |

Assets costing less than Rs. 5000/- are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any changes in estimate accounted for on a prospective basis. The management has estimated supported by independent assessment by professionals, the useful life of motor vehicles as 8 years which is lower than the prescribed rate under Schedule II to the Act.

### 3.6.2 Amortisation

Amortisation on intangible assets is recognised on a straight line basis over the estimated useful life of the asset.. The estimated useful life and amortisation method are reviewed at the end of each reporting period, for the effect of any changes in estimate being accounted for on prospective basis. Management has estimated the useful life of Software to be the license period or 3 years, whichever is lower.

### 3.7 Impairment of non–financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account if available. If no such transactions can be identified, an appropriate valuation model is used.

#### De- Recognition:

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

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

### 3.8 Provisions

Provisions are recognized only when there is a present obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

### 3.9 Contingent liabilities 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 recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

### 3.10 Retirement and other employee benefits

#### 3.10.1 Defined contribution plan

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognises contribution payable to the respective fund as expenditure, when an employee renders the related service.

#### 3.10.2 Defined benefit plan

Gratuity liability, which is unfunded, is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses resulting from re-measurement of the liabilities are included in other comprehensive income.

### 3.10.3 Leave salary.

The Company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year.

3.10.4 Short-term employee benefits ,including salaries, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees, are estimated and measured on an undiscounted basis.

## 3.11 Income Taxes

Tax expense comprises Current tax and Deferred tax.

### 3.11.1 Current income tax

Current income tax assets and liabilities, including any adjustments of current tax for prior periods, are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961, using tax rates that have been enacted or substantively enacted by the end of reporting period.

Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.11.2 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.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 3.12 Deferred tax

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 3.13 Financial instruments

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

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

### 3.13.1 Financial Assets

#### 3.13.1.1 Initial recognition and measurement

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

#### 3.13.1.2 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.

#### 3.13.1.3 Financial assets measured at amortized cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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. After initial measurement such loans are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of Profit and Loss.

#### 3.13.1.4 Financial assets carried at fair value through other comprehensive income (FVTOCI)

Financial assets carried at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### 3.13.1.5. Financial assets at fair value through profit or loss (FVTPL)

A financial asset other than those stated as amortized cost/FVTOCI is subsequently fair valued through profit or loss. A gain or loss on a financial instrument 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.

## 3.13.2 Financial Liabilities

### 3.13.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

### 3.13.2.2 Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit and loss.

### 3.13.2.3 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

## 3.13.3 Reclassification of Financial Assets and Liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

## 3.13.4 Impairment of financial assets

### 3.13.4.1 Overview of the Expected Credit Loss (ECL) allowance principles

The Group recognises Impairment allowance for expected credit losses (ECL) on Financial Assets held at amortized cost. The Group 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.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes from reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note no--3.13.4.2

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.

### 3.13.4.2 Measurement of ECLs

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is the product of PD, EAD and 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 loan 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 at various stages of the loans. The Company has broadly followed the following approach to compute ECL.

The Advances exposure is broadly classified into 2 pools: MFI loans and individual loans. The EAD is categorised based on respective Past Due status as given below:

#### Stage 1: 12mECL

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.

#### Stage 2: LTECL — Significant increase in credit risk

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 Past Due is considered as significant increase in credit risk and classified under this category. For these assets, LTECL are recognized.

#### Stage 3: LTECL — 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 LTECL is recognised. Probability of Default is considered at 100% for credit impaired loans. Interest revenue on these loans 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.

## 3.14. Recovery of NPA from Business Correspondents

For loans sourced through business correspondants, the Non- performing assets are recovered from them as per contractual terms and recognised as income in the period in which it becomes a NPA

## 3.15. Write-offs

Loans are written off when they are overdue for more than 180 days. Any subsequent recoveries are credited to statement of profit and loss.

### 3.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

-In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### 3.17 Segment information

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

### 3.18 Foreign currency

3.18.1 All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction

3.18.2 Foreign currency monetary items are reported using the exchange rate prevailing at the close of the period.

3.18.3 Exchange differences arising on the settlement of monetary items or on the restatement of Groups's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous Consolidated financial statements, are recognised as income or as expenses in the period in which they arise.

### 3.19 Leases (where the Company is the lessee)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Company as a lessee

The Company's lease asset classes primarily consist of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

## 4. Cash and cash equivalents

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Cash in hand | 0.29 | 0.02 |
| Balances with banks in current accounts | 62.03 | 40.13 |
| Bank deposit with original maturity of less than 3 months | 423.13 | 40.05 |
| **Total** | **485.45** | **80.20** |

## 5. Bank balance other than cash and cash equivalents

| Particulars | | |
|---|---|---|
| Fixed deposit with bank not considered as cash and cash equivalents* | 52.91 | 56.94 |
| **Total** | **52.91** | **56.94** |

## 6. Loan portfolio (excluding securitised assets)

| Particulars | | |
|---|---|---|
| **(A 1) Term loans (excluding securitised assets):** | | |
| Self help group loans | 2,089.84 | 1,869.12 |
| Joint liability loans | 1.01 | - |
| Individual loans | 2.77 | 5.95 |
| **Total - Gross** | **2,093.62** | **1,875.07** |
| Less: Impairment loss allowance | (104.08) | (43.10) |
| **Term Loans - Net** | **1,989.54** | **1,831.97** |
| **(A 2) Loan to related parties:** | | |
| Loan to subsidiary company | 2.36 | 2.16 |
| Less: Impairment loss allowance | (2.36) | (2.16) |
| **Loan to related parties - Net** | - | - |
| **Total Loans - Net** | **1,989.54** | **1,831.97** |
| **(B) (a) Secured by tangible assets** | 0.18 | 0.26 |
| (b) Unsecured | 2,095.80 | 1,876.97 |
| **Total - Gross** | **2,095.98** | **1,877.23** |
| Less: Impairment loss allowance | (106.44) | (45.26) |
| **Total - Net** | **1,989.54** | **1,831.97** |
| | | (2.16) |
| **(C 1) Loans in India** | | |
| (a) Public sector | - | - |
| (b) Others | 2,095.98 | 1,877.23 |
| **Total - Gross** | **2,095.98** | **1,877.23** |
| Less: Impairment loss allowance | (106.44) | (45.26) |
| **Total - Net** | **1,989.54** | **1,831.97** |
| **(C 2) Loans outside India** | - | - |
| Less: Impairment loss allowance | - | - |
| **Total - Net** | - | - |

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **(A) Term loans:** | | |
| Self help group loans | 15.89 | 98.14 |
| **Total - Gross** | **15.89** | **98.14** |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| **(B)** (a) Secured by tangible assets | - | - |
| (b) Unsecured | 15.89 | 98.14 |
| **Total - Gross** | **15.89** | **98.14** |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| **(C 1) Loans in India** | | |
| (a) Public sector | - | - |
| (b) Others | 15.89 | 98.14 |
| **Total - Gross** | **15.89** | **98.14** |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| **(C 2) Loans outside India** | - | - |
| Less: Impairment loss allowance | - | - |
| **Total - Net** | - | - |

**Group lending loans - (Self help groups, Joint Liability Group and Securitised assets)**

**Gross carrying value of assets as at 31st March 2021**

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard | 1,900.18 | 108.19 | | 2,008.37 |
| Non Performing assets | | | 98.37 | 98.37 |
| **Total** | **1,900.18** | **108.19** | **98.37** | **2,106.74** |
| **Gross carrying value of assets as at 31st March 2020** | | | | |
| **Particulars** | | | | |
| Standard | 1,906.55 | 37.04 | | 1,943.59 |
| Non Performing assets | | | 31.64 | 31.64 |
| **Total** | **1,906.55** | **37.04** | **31.64** | **1,975.23** |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying value of assets as at 31st March 2020** | **1,906.55** | **37.04** | **31.64** | **1,975.23** |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 211.88 | (10.35) | (5.95) | 195.58 |
| Assets written off during the year | - | - | (64.07) | (64.07) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (218.68) | 107.04 | 111.64 | - |
| Transfer from Stage 2 | 0.43 | (25.54) | 25.11 | - |
| Transfer from Stage 3 | - | - | - | - |
| **Gross carrying value of assets as at 31st March 2021** | **1,900.18** | **108.19** | **98.37** | **2,106.74** |

# Notes

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2020** | **18.96** | **7.36** | **20.23** | **46.55** |
| New assets originated during the year, netted off for repayments and derecognised portfolio | | | | |
| Assets written off during the year | 2.17 | (2.10) | (3.26) | (3.19) |
| | | | (64.07) | (64.07) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | | | | |
| Transfer from Stage 2 | (2.51) | 1.07 | 1.44 | - |
| Transfer from Stage 3 | 0.08 | (5.11) | 5.03 | - |
| | | | | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 1.33 | 19.07 | 106.80 | 127.20 |
| **ECL allowance as at 31st March 2021*** | **20.03** | **20.29** | **66.17** | **106.49** |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value of assets as at 31st March 2019 | 1,811.09 | 50.85 | 16.64 | 1,878.59 |
| New assets originated during the year, | - | - | - | |
| netted off for repayments and derecognised | 174.63 | (25.38) | (4.56) | 144.69 |
| portfolioAssets written off during the year | - | - | (48.04) | (48.04) |
| | - | - | - | |
| **Movement between stages** | - | - | - | |
| Transfer from Stage 1 | (81.19) | 36.37 | 44.82 | - |
| Transfer from Stage 2 | 2.02 | (24.80) | 22.78 | - |
| Transfer from Stage 3 | - | - | - | - |
| **Gross carrying value of assets as at 31st March 2020** | **1,906.55** | **37.04** | **31.64** | **1,975.24** |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2019** | 8.44 | 8.11 | 10.31 | 26.86 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | - | - | - | |
| Assets written off during the year | 0.81 | (4.05) | (2.82) | (6.06) |
| | - | - | (48.05) | (48.05) |
| **Movement between stages** | - | - | - | |
| Transfer from Stage 1 | (0.38) | 0.17 | 0.21 | |
| Transfer from Stage 2 | 0.33 | (3.96) | 3.63 | - |
| Transfer from Stage 3 | | | | - |
| | - | - | - | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 9.76 | 7.09 | 56.95 | 73.80 |
| **ECL allowance as at 31st March 2020** | **18.96** | **7.36** | **20.23** | **46.55** |

6(B)

### Gross carrying value of assets as at 31st March 2021

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard assets | 1.68 | 0.39 | | 2.07 |
| Substandard assets | | | 0.71 | 0.71 |
| Doubtful assets | | | | - |
| **Total** | **1.68** | **0.39** | **0.71** | **2.78** |

### Gross carrying value of assets as at 31st March 2020

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard assets | 6.03 | | | 6.03 |
| Substandard assets | | | 0.04 | 0.04 |
| Doubtful assets | | | | - |
| **Total** | **6.03** | | **0.04** | **6.07** |

Individual loans are not considered for ECL as it is not material and hence, no stage wise classification done. NPA provision made as per IRACP norms are shown under stage 3 and standard loans under stage 1.

### An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Individual lending loans:

### Gross carrying value of assets as at 31st March 2020

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying value of assets as at 31st March 2020** | 0.06 | - | **0.02** | 0.08 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (0.01) | (0.00) | (0.02) | (0.03) |
| Assets written off during the year | | | (0.17) | (0.17) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.49) | 0.00 | 0.49 | - |
| Transfer from Stage 2 | 0.00 | (0.04) | 0.04 | - |
| Transfer from Stage 3 | 0.45 | 0.04 | - | 0.49 |
| **Gross carrying value of assets as at 31st March 2021** | **0.01** | **0.00** | **0.36** | **0.37** |

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying value of assets as at 31st March 2019** | 9.73 | | 0.47 | 10.20 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (3.08) | | (0.43) | (3.51) |
| Assets written off during the year | - | | (0.62) | (0.62) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.62) | | 0.62 | - |
| Transfer from Stage 2 | - | | - | - |
| Transfer from Stage 3 | - | | - | - |
| **Gross carrying value of assets as at 31st March 2020** | **6.03** | | **0.04** | **6.07** |

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Gross carrying value of assets as at 31st March 2019** | 0.02 | | 0.23 | 0.25 |
| | - | | - | |
| New assets originated during the year, | (0.69) | | (0.21) | (0.90) |
| netted off for repayments and derecognised | - | | (0.62) | (0.62) |
| portfolioAssets written off during the year | | | | |
| **Movement between stages** | (0.14) | | 0.14 | - |
| Transfer from Stage 1 | - | | - | - |
| Transfer from Stage 2 | - | | - | - |
| Transfer from Stage 3 | 0.87 | | 0.48 | 1.35 |
| **Gross carrying value of assets as at 31st March 2020** | **0.06** | | **0.02** | **0.08** |

## 7 Investments

| Particulars<br>Investments | 31.03.2021 | 31.03.2020 |
|---|---|---|
| A) In India | | |
| (a) Classified as fair value through profit and loss | | |
| Mutual Funds | - | 45.02 |
| Equity instruments | | |
| Investment in Alpha | 0.34 | 0.34 |
| Total | 0.34 | 45.36 |
| (b) Others - Investment in subsidiary* | 1.49 | 1.49 |
| Less: Provision for impairment loss | (1.49) | (1.49) |
| | - | - |
| B) Outside India | - | - |
| **Total** | **0.34** | **45.36** |

## 8 Other financial assets

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Retained interest on assets assigned | 14.73 | 8.46 |
| Security deposits (unsecured, considered good) | 2.05 | 2.12 |
| Loans and advances to employees (unsecured, considered good) | 0.49 | 0.71 |
| Others | 4.78 | 1.31 |
| **Total** | **22.05** | **12.60** |

## 10 Other non-financial assets

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Other advances | 0.37 | 0.76 |
| Unsecured, considered good | | |
| **Total** | **0.37** | **0.76** |

## 9. Property, Plant and Equipment, Right of use Assets and Intangible Assets

₹ IN CRORES

| Particulars | Property, plant and equipment | | | | | | | | | | | | Intangible assets | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold Land | Buildings | Temporary Structures in Rented Premises | Computer | Electrical Equipment | Furniture & Fixtures | Leasehold Improvement | Office equipment | Vehicles | Total | Right of use assets Buildings | Total | Computer software & Others | Total | |
| **Cost:** | | | | | | | | | | | | | | | |
| **At March 31, 2019** | **0.17** | **0.22** | | 4.81 | 0.06 | 1.23 | 0.09 | 0.77 | 0.00 | 7.35 | 7.35 | **1.61** | 1.18 | **1.18** | |
| Additions | - | - | | 3.44 | 0.23 | 1.95 | 0.22 | 0.66 | - | 6.50 | 6.50 | **1.30** | 0.39 | **0.39** | |
| Disposals | | | | | | | | | | - | - | **(0.55)** | - | - | - |
| **At March 31, 2020** | **0.17** | **0.22** | | **8.25** | **0.29** | **3.18** | **0.31** | **1.43** | **0.00** | **13.85** | **13.85** | **2.36** | **1.57** | **1.57** | |
| Additions | - | - | | 0.80 | 0.01 | 0.04 | - | 0.63 | - | 1.48 | 1.48 | **(0.00)** | 1.32 | **1.32** | |
| Disposals | - | - | | (0.01) | - | - | - | - | - | (0.01) | (0.01) | | | | |
| **At March 31, 2021** | **0.17** | **0.22** | | **9.04** | **0.30** | **3.22** | **0.31** | **2.06** | **0.00** | **15.32** | **15.32** | **2.36** | **2.89** | **2.89** | - |
| **Depreciation and Amortisation:** | | | | | | | | | | | | | | | |
| **At March 31, 2019** | | | | | | | | | | | | | | | |
| Depreciation/Amortisation charge for the year | | 0.00 | | 1.61 | 0.03 | 0.75 | 0.02 | 0.19 | 0.00 | 2.60 | 2.60 | **0.54** | 0.21 | **0.21** | - |
| Disposals | | 0.01 | | 2.24 | 0.09 | 1.11 | 0.04 | 0.26 | 0.00 | 3.75 | 3.75 | **0.76** | 0.47 | **0.47** | |
| At March 31, 2020 | | | | | | | | | | - | - | **(0.55)** | - | - | |
| | - | 0.01 | | **3.85** | **0.12** | **1.86** | **0.06** | **0.45** | **0.00** | **6.35** | **6.35** | **0.75** | **0.68** | **0.68** | - |
| Depreciation/Amortisation charge for the year | - | 0.01 | | 2.40 | 0.02 | 0.17 | 0.03 | 0.57 | 0.00 | 3.20 | 3.20 | **0.77** | 0.27 | **0.27** | |
| Disposals | - | - | | (0.01) | - | - | - | - | - | (0.01) | (0.01) | | | | |
| **At March 31, 2021** | - | 0.02 | | **6.24** | **0.14** | **2.03** | **0.09** | **1.02** | **0.00** | **9.54** | **9.54** | **1.52** | **0.95** | **0.95** | |
| **Net book value:** | | | | | | | | | | | | | | | |
| At March 31, 2019 | **0.17** | **0.22** | | **3.20** | **0.03** | **0.48** | **0.07** | **0.58** | **0.00** | **4.75** | **4.75** | **1.07** | **0.97** | **0.97** | |
| At March 31, 2020 | **0.17** | **0.21** | | **4.40** | **0.17** | **1.32** | **0.25** | **0.98** | **0.00** | **7.50** | **7.50** | **1.61** | **0.89** | **0.89** | |
| At March 31, 2021 | **0.17** | **0.20** | | **2.80** | **0.16** | **1.19** | **0.22** | **1.04** | **0.00** | **5.78** | **5.78** | **0.84** | **1.94** | **1.94** | |

Note: The land and building is under mortgage as additional security for debentures issued. Refer Note 11 for information about debentures

Company has opted for deemed cost under Ind AS 101 and has netted off accumulated depreciation from cost as at April 01, 2018. The cost and accumulated depreciation as on that date are as below:
As at April 01, 2018

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | 0.17 | 0.22 | 1.44 | 6.10 | 0.15 | 1.01 | 0.19 | 1.41 | 0.45 | 11.14 | 0.59 | 0.59 | 2.39 | 2.39 |
| Accumulated depreciation | - | 0.00 | 1.44 | 3.68 | 0.10 | 0.72 | 0.11 | 1.24 | 0.45 | 7.74 | - | - | 2.14 | 2.14 |
| Deemed cost | 0.17 | 0.22 | - | 2.42 | 0.05 | 0.29 | 0.08 | 0.17 | 0.00 | 3.40 | 0.59 | 0.59 | 0.25 | 0.25 |

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Debentures (secured)* | 153.84 | 137.30 |
| Debentures (unsecured) | 15.01 | - |
| Total | 168.85 | 137.30 |
| Debt securities in India | 168.85 | 137.30 |
| Debt securities outside India | - | - |
| **Total** | 168.85 | 137.30 |

*** Nature of security**

The above debentures are secured by the way of first and exclusive charge over eligible book debts of the Company.

| Debentures (secured) (at amortised cost)<br>Terms of debentures | Number of debentures 31.03.2021 | Number of debentures 31.03.2020 | Face value (in Rs) | "Amount (₹ in crores)" 31.03.2021 | "Amount (₹ in crores)" 31.03.2020 |
|---|---|---|---|---|---|
| 11.50% Non-Convertible Debentures - Privately placed, Listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD has redeemed in one bullet payment on 31-July-2020. | | 400 | 1,000,000 | | 40.76 |
| 14.15% Non-convertible Debentures - Privately placed, Listed. Secured by hypothecation of loans granted to Self Help Groups. 99.99% is redeemed on 13-Sep-2019 and balance has redeemed on maturity date i.e. 13-Sep-2020. | | 366 | 1,000,000 | | 0.00 |
| 11.40% Non-convertible Debentures - Privately placed, Un-listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD has redeemed in one bullet payment on 05-Dec-2020. | | 330 | 1,000,000 | | 34.34 |
| 11.40% Non-convertible Debentures - Privately placed, Listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD has redeemed in one bullet payment on 31-Dec-2020. | 250.00 | 250 | 1,000,000 | 25.01 | 24.96 |
| 10.11% Non-convertible Debentures - Privately placed, Listed. Secured by hypothecation of loans granted to Self Help Groups. The maturity date of the Debentures is 30-Jun-2022, with redeemed in four equal installment on 04-Oct-2021, 31-Dec-2021, 31-Mar-2022 and balance redeemed on 30-Jun-2022 | 500.00 | | 1,000,000 | 53.26 | |

| Terms of debentures | Number of debentures 31.03.2021 | Number of debentures 31.03.2020 | Face value (in Rs) | Amount (₹ in crores) 31.03.2021 | Amount (₹ in crores) 31.03.2020 |
|---|---|---|---|---|---|
| 11.00% Non-Convertible Debentures - Privately placed, unlisted Secured by exclusive charge on the loans created out of the proceeds of the debentures and immovable properties. 99.99% of the principal amount of the NCD is redeemable on 13-May-2021 and balance on 13-May-2023 | 360.00 | 360.00 | 1,000,000 | 37.46 | 37.24 |
| 9.80% Non-convertible Debentures - Privately placed, Listed. Secured by hypothecation of loans granted to Self Help Groups. The maturity date of the Debentures is 23-Apr-2024, with 99.99% redeemed on 22-Apr-2022 and balance redeemed on 23-Apr-2024 | 3,750.00 | | 100,000 | 38.12 | |
| **Total** | **4,860** | **4,860** | | **153.85** | **137.30** |

**Debentures (unsecured) at amortised cost**

| Terms of debentures | Number of debentures 31.03.2021 | Number of debentures 31.03.2020 | Face value (in Rs) | "Amount (₹ in crores)" 31.03.2021 | "Amount (₹ in crores)" 31.03.2020 |
|---|---|---|---|---|---|
| 13.00% Non-Convertible Debentures - Privately placed, listed, unSecured .The NCD is redeemable on 16-Aug-2021 | 150.00 | | 1,000,000 | 15.01 | |

## 12. Borrowings other than debt securities (at amortised cost)

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Term loans (secured)** | | |
| Banks | 1,141.07 | 950.97 |
| Financials institutions | 344.28 | 315.41 |
| Non-banking financial companies | 271.07 | 151.25 |
| **Term loans (unsecured)** | | |
| Non banking financial companies | 146.44 | - |
| **Cash credit (secured)** | | |
| Banks | - | 0.01 |
| **Total** | **1,902.86** | **1,417.64** |
| Borrowings in India | 1,902.86 | 1,417.64 |
| Borrowings outside India | - | - |
| **Total** | **1,902.86** | **1,417.64** |

Refer Note 12.1 for tenure, interest rates and repayment schedule
All the above secured loans are secured by a charge on the advances granted to Self Help Groups from the proceeds of the loans and by a charge on fixed deposits of Rs 43.47 crores (Refer note 5) wherever sanction terms require it.

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Debentures** | | |
| Non banking financial companies | 50.02 | 50.02 |
| **Term loans** | | |
| Non banking financial companies | 24.91 | 24.88 |
| **Total** | **74.93** | **74.90** |
| Subordinated liabilities in India | 74.93 | 74.90 |
| Subordinated liabilities outside India | - | - |
| **Total** | **74.93** | **74.90** |

**Debentures (subordinated liabilities, at amortised cost)**

| Terms of debentures | Number of debentures | | Face value (in Rs) | "Amount (₹ in crores)" | |
|---|---|---|---|---|---|
| | 31.03.2021 | 31.03.2020 | | 31.03.2021 | 31.03.2020 |
| 14.25% Subordinated, Unsecured, Non-Convertible Debentures - Privately placed, Listed. The NCDs are redeemable on 29-Mar-2024. | 500 | 500 | 1,000,000 | 50.02 | 50.02 |
| **Total** | | | | **50.02** | **50.02** |

| Original maturity of loan | Interest rate | Due between 4 to 5 Years | | Due more than 5 years | | Total |
|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | |
| Bullet - Above 3 years | 14%-14.5% | | | 14%-14.5% | 25.00 | 25.00 |
| Grand Total | | | | 14%-14.5% | 25.00 | 25.00 |

## 14 Financial liability towards securitisation

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| Borrowings under securitisation arrangement | 9.15 | 80.79 |
| **Total** | **9.15** | **80.79** |

## 15 Other financial liabilities

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| Lease liability | 0.98 | 1.73 |
| **Total** | **0.98** | **1.73** |

## 16 Provisions

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| Provision for employee benefits: | | |
| Gratuity | 3.36 | 2.55 |
| Leave encashment and availment | 2.49 | 1.68 |
| **Total** | **5.85** | **4.23** |

## 17 Other non-financial liabilities

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| Statutory dues payable | 1.68 | 2.11 |
| Others | 0.06 | 0.06 |
| **Total** | **1.74** | **2.17** |

## Notes to standalone financial statements for the year ended March 31, 2021

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1 to 2 Years | | Due between 2 to 3 Years | | Due between 3 to 4 Years | | Due between 4 to 5 Years | | Due between 5 to 6 Years | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | "Amount (in Rupees)" | No. of installments | "Amount (in Rupees)" | No. of installments | "Amount (in Rupees)" | No. of installments | "Amount (in Rupees)" | No. of installments | "Amount (in Rupees)" | No. of installments | "Amount (in Rupees)" | |
| **Monthly** | | | | | | | | | | | | | | |
| Below 1 year | 6.5%-7% | 2 | 20.00 | | | | | | | | | | | 20.00 |
| 1-3 years | 6%-6.5% | 11 | 9.82 | | - | | - | | - | | | | | 9.82 |
| | 6.5%-7% | | - | | - | | - | | - | | | | | - |
| | 7%-7.5% | 11 | 9.82 | | - | | - | | - | | | | | 9.82 |
| | 7.5%-8% | | - | | - | | - | | - | | | | | - |
| | 8%-8.5% | | - | | - | | - | | - | | | | | - |
| | 8.5%-9% | 63 | 219.59 | 33 | 70.32 | | - | | - | | | | | 289.91 |
| | 9%-9.5% | 28 | 65.19 | 23 | 54.81 | | - | | - | | | | | 120.00 |
| | 9.5%-10% | 33 | 23.88 | 24 | 15.49 | 12 | 5.00 | | - | | | | | 44.37 |
| | 10%-10.5% | 132 | 237.62 | 69 | 109.11 | | - | | - | | | | | 346.73 |
| | 10.5%-11% | 74 | 80.77 | 6 | 7.79 | | - | | - | | | | | 88.56 |
| | 11%-11.5% | 72 | 84.85 | 19 | 30.33 | | - | | - | | | | | 115.18 |
| | 11.5%-12% | 5 | 52.48 | - | - | | - | | - | | | | | 52.48 |
| | 12%-12.5% | | - | | - | | - | | - | | | | | - |
| | 12.5%-13% | | - | | - | | - | | - | | | | | - |
| Above 3 years | 6% - 6.5% | | - | | - | | - | | - | | | | | - |
| | 6.5% - 7% | 6 | 7.33 | | - | | - | | - | | | | | 7.33 |
| | 7% - 7.5% | | - | | - | | - | | - | | | | | - |
| | 7.5% - 8% | | - | | - | | - | | - | | | | | - |
| | 8% - 8.5% | | - | | - | | - | | - | | | | | - |
| | 8.5% - 9% | 12 | 10.91 | 3 | 2.57 | | - | | - | | | | | 13.48 |
| | 9% - 9.5% | 20 | 9.48 | 24 | 12.51 | 18 | 11.08 | 1 | 0.76 | | | | | 33.83 |
| | 9.5% - 10% | 13 | 9.67 | - | - | - | - | | - | | | | | 9.67 |
| | 10% - 10.5% | 50 | 32.13 | 36 | 25.59 | 4 | 1.11 | | - | | | | | 58.83 |
| | 10.5% - 11% | 36 | 20.42 | 11 | 9.57 | | - | | - | | | | | 29.99 |
| | 11% - 11.5% | 21 | 6.88 | - | - | | - | | - | | | | | 6.88 |
| | 11.5% - 12% | 24 | 56.52 | 14 | 34.36 | | - | | - | | | | | 90.88 |
| | 12% - 12.5% | | - | - | - | | - | | - | | | | | - |
| | 12.5% - 13% | 12 | 40.00 | - | - | | - | | - | | | | | 40.00 |
| | 13% - 13.5% | | - | | - | | - | | - | | | | | - |
| | 13.5% - 14% | | - | | - | | - | | - | | | | | - |
| | 14% - 14.5% | | - | | - | | - | | - | | | | | - |
| **Quarterly** | | | - | | - | | - | | - | | | | | |
| 1-3 years | 9.5% - 10% | 4 | 12.50 | - | - | - | - | | - | | | | | 12.50 |
| | 10%-10.5% | 6 | 20.83 | 4 | 8.33 | 4 | 8.32 | | - | | | | | 37.48 |
| | 10.5%-11% | 3 | 28.57 | - | - | - | - | | - | | | | | 28.57 |
| | 11%-11.5% | - | - | - | - | - | - | | - | | | | | - |
| | 11.5%-12% | 4 | 5.45 | 3 | 4.09 | - | - | | - | | | | | 9.54 |
| Above 3 years | 9% - 9.5% | 4 | 28.00 | 4 | 28.00 | 4 | 28.00 | 4 | 8.00 | 4 | 8.00 | | | 100.00 |
| | 9.5% - 10% | - | - | - | - | - | - | - | - | | | | | - |
| | 10% - 10.5% | - | - | - | - | - | - | - | - | | | | | - |
| | 10.5% - 11% | 1 | 0.83 | - | - | - | - | - | - | | | | | 0.83 |
| | 11% - 11.5% | - | - | - | - | - | - | - | - | | | | | - |
| | 11.5% - 12% | 11 | 21.50 | 4 | 12.25 | 4 | 2.50 | 3 | 1.50 | | | | | 37.75 |
| **Half Yearly** | | | - | | - | | - | | | | | | | |
| **1-3 years** | 6.5% - 7% | 2 | 50.00 | 1 | 24.99 | | - | | | | | | | 74.99 |
| | 10% - 10.5% | 2 | 25.00 | | - | | - | | | | | | | 25.00 |
| | | | | | | | - | - | | | | | | |
| 1-3 years | 10.5% - 11% | 6 | 5.60 | 3 | 2.80 | - | - | - | | | | | | 8.40 |
| | 11% - 11.5% | 1 | 0.63 | - | - | - | - | | | | | | | 0.63 |
| | 11.5% - 12% | 6 | 25.20 | 6 | 6.90 | 4 | 4.15 | | | | | | | 36.25 |
| **Bullet** | | | - | | - | | - | | | | | | | - |
| 1-3 years | 8.5% - 9% | 2 | 60.00 | | - | | - | | | | | | | 60.00 |
| | 9% - 9.5% | - | - | | - | | - | | | | | | | - |
| | 9.5% - 10% | 2 | 80.00 | | - | | - | | | | | | | 80.00 |
| Above 3 years | 13.5% - 14% | | - | | - | | - | | | | | | | - |
| **Grand Total** | | 679 | 1,361.47 | 287 | 459.81 | 50 | 60.16 | 8 | 10.26 | 4 | 8.00 | | | 1899.70 |

## Terms of repayment of borrowings as on March 31, 2020

| Original maturity of loan | Interest rate | Due within 1 year: No. of installments | Due within 1 year: "Amount (in Rupees)" | Due between 1 to 2 Years: No. of installments | Due between 1 to 2 Years: "Amount (in Rupees)" | Due between 2 to 3 Years: No. of installments | Due between 2 to 3 Years: "Amount (in Rupees)" | Due between 3 to 4 Years: No. of installments | Due between 3 to 4 Years: "Amount (in Rupees)" | Due between 4 to 5 Years: No. of installments | Due between 4 to 5 Years: "Amount (in Rupees)" | Due between 5 to 6 Years: No. of installments | Due between 5 to 6 Years: "Amount (in Rupees)" | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Monthly** | | | | | | | | | | | | | | |
| 1-3 years | 6%-6.5% | 12 | 10.72 | 11 | 9.82 | - | - | - | - | - | - | | | 20.54 |
| | 6.5%-7% | 12 | 14.52 | 6 | 7.33 | - | - | - | - | - | - | | | 21.85 |
| | 7%-7.5% | 12 | 10.72 | 11 | 9.82 | - | - | - | - | - | - | | | 20.54 |
| | 7.5%-8% | - | - | - | - | - | - | - | - | - | - | | | - |
| | 8%-8.5% | - | - | - | - | - | - | - | - | - | - | | | - |
| | 8.5%-9% | - | - | - | - | - | - | - | - | - | - | | | - |
| | 9%-9.5% | - | - | - | - | - | - | - | - | - | - | | | - |
| | 9.5%-10% | 14 | 10.00 | 12 | 10.91 | - | - | - | - | - | - | | | 20.91 |
| | 10%-10.5% | 49 | 60.84 | 28 | 30.20 | 11 | 16.67 | - | - | - | - | | | 107.71 |
| | 10.5%-11% | 89 | 64.11 | 20 | 17.07 | - | - | - | - | - | - | | | 81.18 |
| | 11%-11.5% | 253 | 267.34 | 160 | 178.54 | 31 | 30.52 | - | - | - | - | | | 476.40 |
| | 11.5%-12% | 44 | 33.68 | 20 | 11.54 | - | - | - | - | - | - | | | 45.22 |
| | 12%-12.5% | 12 | 4.44 | 7 | 2.64 | - | - | - | - | - | - | | | 7.08 |
| | 12.5%-13% | 12 | 40.00 | 12 | 40.00 | - | - | - | - | - | - | | | 80.00 |
| Above 3 years | 10.5%-11% | 29 | 8.06 | 32 | 8.89 | 24 | 6.67 | 4 | 1.11 | - | - | | | 24.73 |
| | 11%-11.5% | 10 | 1.11 | 12 | 1.33 | 1 | 0.11 | - | - | - | - | | | 2.55 |
| **Quarterly** | | | | | | | | | | | | | | |
| 1-3 years | 10%-10.5% | 4 | 25.00 | 2 | 12.50 | - | - | - | - | - | - | | | 37.50 |
| | 10.5%-11% | 7 | 25.36 | 3 | 9.38 | - | - | - | - | - | - | | | 34.74 |
| | 11%-11.5% | 14 | 77.14 | 2 | 15.71 | - | - | - | - | - | - | | | 92.85 |
| | 11.5%-12% | 12 | 12.79 | 9 | 10.12 | 2 | 2.73 | - | - | - | - | | | 25.64 |
| Above 3 years | 11%-11.5% | 4 | 3.33 | 1 | 0.83 | - | - | - | - | - | - | | | 4.16 |
| | 11.5%-12% | 4 | 15.00 | 4 | 15.00 | 4 | 12.25 | 4 | 2.50 | 3 | 1.50 | | | 46.25 |
| **Half Yearly** | | | | | | | | | | | | | | |
| Above 3 years | 10.5%-11% | 2 | 12.00 | 2 | 2.00 | 2 | 2.00 | - | - | - | - | | | 16.00 |
| | 11%-11.5% | 4 | 3.60 | 4 | 3.60 | 1 | 0.80 | - | - | - | - | | | 8.00 |
| | 11.5%-12% | 8 | 44.75 | 7 | 25.83 | 6 | 6.90 | 4 | 4.15 | - | - | | | 81.63 |
| **Bullet** | | | | | | | | | | | | | | |
| 1-3 years | 10.5%-11% | 7 | 140.00 | - | - | - | - | - | - | - | - | | | 140.00 |
| | 11%-11.5% | 1 | 20.00 | - | - | - | - | - | - | - | - | | | 20.00 |
| | 11.5%-12% | - | - | - | - | - | - | - | - | - | - | | | - |
| **Grand Total** | | **615** | **904.51** | **365** | **423.06** | **82** | **78.65** | **12** | **7.76** | **3** | **1.50** | | | **1415.48** |

## 18 Notes to standalone financial statements for the year ended March 31, 2021

### Issued capital

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| 1 crore equity shares (March 2020: 1 crore equity shares) of INR 10 each | 10.00 | 10.00 |
| **Total** | **10.00** | **10.00** |
| Issued, subscribed and fully paid up 71,94,761 (March 31, 2020: 71,94,761) equity shares of Rs.10 each fully paid | 7.19 | 7.19 |
| **Total** | **7.19** | **7.19** |

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| Equity shares | No. of Shares | "Amount (₹ in crores)" | No. of Shares | "Amount (₹ in crores)" |
| At the beginning of the year | 7,194,761 | 7.19 | 7,194,761 | 7.19 |
| Add: Issued during the year | - | - | - | - |
| **Outstanding at the end of the year** | **7,194,761** | **7.19** | **7,194,761** | **7.19** |

### (b) Terms/Rights attached to equity shares

"The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Any dividends proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders."

### (c) Details of shares held by holding company

| | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| Equity shares | No. of Shares | "Amount (₹ in crores)" | No. of Shares | "Amount (₹ in crores)" |
| **Equity shares of INR 10 each** | | | | |
| CreditAccess Grameen Limited (Holding Company) | 5,486,216 | 5.49 | 5,473,975 | 5.47 |

### (d) Details of shareholders holding more than 5% shares in the Company

| | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| Particulars | No. of Shares | % holding | No. of Shares | % holding |
| **Equity shares of INR 10 each fully paid** | | | | |
| CreditAccess Grameen Limited (Holding Company) | 5,486,216 | 76.25% | 5,486,216 | 76.25% |
| Ms. Tara Thiagarajan | 899,345 | 12.50% | 899,345 | 12.50% |
| Mr. M Narayanan | 397,683 | 5.53% | 397,683 | 5.53% |

## 19 Other equity

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | 62.19 | 62.19 |
| Securities premium | 83.65 | 83.65 |
| Retained earnings | 248.29 | 248.29 |
| **Total** | **394.13** | **394.13** |

* For detailed movement of reserves refer statement of changes in equity for the year ended March 31, 2021.

### Nature and purpose of reserve

### 19.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

### 19.2 Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

### The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal: Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:
Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

## 20. Interest income

| Particulars | "For the year ended 31.03.2021 On financial assets measured at amortised cost | "For the year ended 31.03.2020 On financial assets measured at amortised cost |
|---|---|---|
| Interest on loans | 392.25 | 414.98 |
| Income from securitisation | 12.96 | 27.59 |
| Income from portfolio purchased through assignment | 0.75 | 7.36 |
| Interest on deposits with banks and financial institutions | 6.66 | 5.01 |
| **Total** | **412.62** | **454.94** |

## 21. Fees and commission

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Loan portfolio servicing fees | 0.01 | 0.26 |
| **Total** | **0.01** | **0.26** |

## 22. Net gain / (loss) on fair value changes

| | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| (A) Net gain / (loss) on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio - Investments | 2.26 | 2.51 |
| (ii) On financial instruments designated at fair value through profit or loss | | |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTPL | - | - |
| Total Net gain / (loss) on fairvalue changes (C) | **2.26** | **2.51** |
| Fair Value changes: | | |
| - Realised | 2.26 | 2.49 |
| - Unrealised | - | 0.02 |
| Total Net gain / (loss) on fair value changes (D) | **2.26** | **2.51** |

## 23. Others

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Gain on de-recognition of loans under assignment (Refer note 3.1.5) | 9.68 | 10.36 |
| Pass-through of bad debts and NPAs to Business Correspondents partners | 3.91 | - |
| | **13.59** | **10.36** |

## 24. Other Income

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Net gain / (loss) on derecognition of property, plant and equipment | 0.01 | - 0.07 |
| Net gain / (loss) on foreign currency transaction and translation (other than considered as finance cost) | - | |
| Advertisement display income | 2.24 | 4.31 |
| Others | 0.09 | 0.01 |
| **Total** | **2.34** | **4.39** |

## 25. Finance costs

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| **(A) On borrowings** | | |
| Interest on debt securities | 17.27 | 17.41 |
| Interest on borrowings other than debt securities | 156.06 | 157.98 |
| Interest on subordinated liabilities | 11.11 | 8.49 |
| Other finance costs | 1.32 | 1.35 |
| **(A) On borrowings** | **185.76** | **185.23** |
| **(B) On financial liability towards securitisation** | **4.39** | **9.96** |
| **(C) On finance lease obligations** | **0.17** | **0.20** |
| **Total Finance costs** | **190.32** | **195.39** |

## 26. Finance costs

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| **(A) On borrowings** | | |
| Interest on debt securities | 17.27 | 17.41 |
| Interest on borrowings other than debt securities | 156.06 | 157.98 |
| Interest on subordinated liabilities | 11.11 | 8.49 |
| Other finance costs | 1.32 | 1.35 |
| **(A) On borrowings** | **185.76** | **185.23** |
| **(B) On financial liability towards securitisation** | **4.39** | **9.96** |
| **(C) On finance lease obligations** | **0.17** | **0.20** |
| **Total Finance costs** | **190.32** | **195.39** |

## 26. Impairment of financial instruments

| Particulars | "For the year ended 31.03.2021 On financial assets measured at amortised cost | "For the year ended 31.03.2020 On financial assets measured at amortised cost |
|---|---|---|
| (Group loans | | |
| a) Impairment allowance | 60.09 | 8.65 |
| b) Bad debts | 64.23 | 48.67 |
| Individual loans | 0.14 | (0.17) |
| Impairment of Advance to Subsidiary | 0.20 | (0.39) |
| **Total** | **124.66** | **56.76** |

## 27. Employee benefit expenses

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Salaries and wages | 70.40 | 58.39 |
| Contribution to provident and other funds | 6.95 | 5.77 |
| Gratuity | 1.04 | 0.76 |
| Leave encashment and availment | 1.04 | 0.58 |
| Staff welfare expenses | 0.83 | 1.59 |
| **Total** | **80.26** | **67.09** |

## 28. Other expenses

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Rental charges payable under operating | 4.29 | 3.62 |
| leases Rates and taxes | 0.17 | 0.27 |
| Insurance | 0.12 | 0.14 |
| Repairs and maintenance | 4.17 | 3.68 |
| Electricity | 0.48 | 0.49 |
| Travelling and conveyance | 8.49 | 8.84 |
| Postage and telecommunication | 2.90 | 2.51 |
| Printing and stationery | 1.42 | 1.94 |
| Professional and consultancy charges | 7.34 | 16.05 |
| Remuneration to Non-executive directors | 0.36 | 0.49 |
| Auditors remuneration (refer Note below) | 0.75 | 0.48 |
| Training expenses | 0.03 | 0.61 |
| Corporate Social Responsibility expenses (refer note below) | 2.12 | 1.32 |
| Miscellaneous expenses | 2.64 | 4.25 |
| **Total** | **35.28** | **44.69** |

### Auditors remuneration

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| As auditor | | |
| Audit fee | 0.43 | 0.29 |
| Limited review | 0.13 | 0.04 |
| Others | 0.10 | 0.13 |
| In other capacity | | - |
| Certification services | 0.09 | 0.01 |
| Taxation matter | - | - |
| Reimbursement of expenses | - | 0.01 |
| **Total** | **0.75** | **0.48** |

### Details of CSR expenditure

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | 2.12 | 1.72 |
| b) Amount spent during the year (in cash) | | |
| i) Construction / acquisition of any asset | - | - |
| ii) On purposes other than (i) above | 0.97 | 1.32 |
| c) Provision for the amount not spent during the year | 1.15 | - |

## 29. Other expenses

| A. Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Current tax | | |
| Current year | 13.00 | 30.01 |
| Earlier years | - | (1.74) |
| Deferred tax | (12.27) | (1.53) |
| **Total tax charge** | **0.73** | **26.74** |

## B. Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate

| Particulars | "For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Profit before tax | 0.50 | 106.58 |
| At India's statutory income tax rate of 25.17% (FY 2019-20: 25.17%) * | 0.13 | 26.83 |
| (a) Non deductible expenses | | |
| CSR Expenses | 0.53 | 0.34 |
| Interest on delayed payment of tax | 0.15 | 0.00 |
| (b) Change in tax rate | - | 1.44 |
| (c) Additional allowance of certain expenditure | (0.08) | (0.13) |
| (d) Tax pertaining to earlier years | - | (1.74) |
| **Income tax expense reported in statement of profit and loss (a)+(b)+(c)+(d)** | **0.73** | **26.74** |

### Movement in deferred tax balances for the year ended March 31, 2021

| Particulars | "Net balance 31.04.2020 | (Charge) /credit in profit and loss | Recognised in OCI | "Net balance 31.03.2020 | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax assets/ (liabilities)** | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 0.56 | 0.09 | | 0.65 | 0.65 | |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | 0.39 | 0.01 | 1.47 | 1.47 | |
| Provision for donation | - | - | | - | - | - |
| Impairment allowance for loans and other | 11.07 | 16.11 | | 27.18 | 27.18 | 27.18 |
| assets Interest on securitisation loans | (1.12) | 0.31 | | (0.81) | | |
| Retained interest on assets assigned | (2.28) | (4.44) | | (6.72) | | |
| Other items | 2.94 | (0.19) | | 2.75 | 2.75 | 2.75 |
| **Net Deferred tax assets / (liabilities)** | **12.24** | **12.27** | **0.01** | **24.52** | **24.52** | **(7.53)** |

### Movement in deferred tax balances for the year ended March 31, 2021

| Particulars | "Net balance 31.04.2019 | (Charge) /credit in profit and loss | Recognised in OCI | "Net balance 31.03.2021 | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| **Deferred tax assets/ (liabilities)** | | | | | | |
| Impact of difference between tax depreciation/ amortisation | 0.39 | 0.17 | | 0.56 | 0.56 | |
| Remeasurement gain / (loss) on defined benefit plan | 0.88 | 0.12 | 0.07 | 1.07 | 1.07 | |
| Provision for donation | - | - | | - | - | - |
| Impairment allowance for loans and other | 10.39 | 0.68 | | 11.07 | 11.07 | (1.12) |
| assets Interest on securitisation loans | (1.04) | (0.08) | | (1.12) | - | |
| Retained interest on assets assigned | (1.66) | (0.62) | | (2.28) | - | |
| Other items | 1.68 | 1.26 | | 2.94 | 2.94 | (2.28) |
| **Net Deferred tax assets / (liabilities)** | **10.64** | **1.53** | **0.07** | **12.24** | **15.64** | **(3.40)** |

## D. The following tables provides the details of income tax assets as at:

### Current tax assets (net)

₹ in crores

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Income tax assets | 2.36 | 4.65 |
| Income tax liabilities | 0.99 | 0.17 |
| **Total** | **1.37** | **4.48** |

## 30. Transfer of financial assets

### Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

₹ in crores

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Securitisations** | | |
| Gross amount of transferred assets measured | 15.89 | 98.14 |
| at amortised cost Less: Impairment loss allowance | (2.77) | (3.54) |
| | 13.12 | 94.60 |
| | | |
| Carrying amount of associated liabilities | 9.15 | 80.79 |
| (debt securities - measured at amortised cost) | | |
| **Net position at amortised cost** | **3.97** | **13.81** |

## 31(A) Defined benefit plans

### Gratuity

### 31(A)(1) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation** | | |
| Obligation at the beginning of the year | 2.55 | 1.71 |
| Current service cost | 0.91 | 0.65 |
| Interest cost | 0.13 | 0.11 |
| Past service cost | - | - |
| Benefits settled | -0.28 | -0.21 |
| Actuarial (gains)/ losses recognised in other comprehensive income | - | - |
| - Changes in experience adjustments | 0.04 | 0.12 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.01 | 0.16 |
| **Obligation at the end of the year** | 3.36 | 2.55 |
| | | |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | - | - |
| Interest income on plan assets | - | - |
| Re-measurement- actuarial gain | - | - |
| Return on plan assets recognised in other comprehensive income | - | - |
| Contributions | - | - |
| Benefits settled | - | - |
| **Plan assets at the end of the year, at fair value** | - | - |
| **Net defined benefit liability** | 3.36 | 2.55 |

### 31(A)(2) Expense recognised in profit and loss

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost | 0.91 | 0.65 |
| Interest cost | 0.13 | 0.11 |
| Past service cost | - | - |
| Interest income | - | - |
| **Net gratuity cost** | 1.04 | 0.76 |

### 31(A)(3) Re-measurement recognised in other comprehensive income

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Re-measurement of the net defined benefit liability** | | |
| - Changes in experience adjustments | 0.04 | 0.12 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.01 | 0.16 |
| **Re-measurement of the net defined benefit asset** | | |
| Return on plan assets (greater)/ less than discount rate | | |
| **Total Actuarial (gain)/ loss included in OCI** | **0.05** | **0.28** |

### 31(A)(4) Plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Funds managed by insurer | - | - |

### 31(A)(5) Defined benefit obligation - Actuarial assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.85% | 4.90% |
| Future salary growth | 10.00% | 10.00% |
| Attrition rate | 30.00% | 30.00% |
| Normal retirement age | 60 years | 60 years |

### 31(A)(6) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| Present Value of Obligation (Base) | 3.36 | | 2.55 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 3.23 | 3.50 | 2.45 | 2.65 |
| Future salary growth (1% movement) | 3.49 | 3.23 | 2.64 | 2.46 |
| Attrition Rate (- / + 50% of attrition rates) | 2.72 | 4.75 | 2.08 | 3.55 |
| Mortality Rate (- / + 10% of mortality rates) | 3.36 | 3.36 | 2.55 | 2.55 |

## 31(B) Compensated leave absence

### 31(B)(1) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation** | | |
| Obligation at the beginning of the year | 1.68 | 1.29 |
| Current service cost | 1.08 | 0.69 |
| Interest cost | 0.08 | 0.09 |
| Past service cost | - | - |
| Benefits settled | -0.23 | -0.19 |
| Actuarial (gains)/ losses recognised in other comprehensive income | - | - |
| - Changes in experience adjustments | -0.12 | -0.29 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.00 | 0.09 |
| **Obligation at the end of the year** | **2.49** | **1.68** |
| | | |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | - | - |
| Interest income on plan assets | - | - |
| Re-measurement- actuarial gain | - | - |
| Return on plan assets recognised in other comprehensive income | - | - |
| Contributions | - | - |
| Benefits settled | - | - |
| **Plan assets at the end of the year, at fair value** | - | - |
| **Net defined benefit liability** | **2.49** | **1.68** |

### 31(B)(2) Expense recognised in profit or loss

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost | 1.08 | 0.69 |
| Interest cost | 0.08 | 0.09 |
| Past service cost | - | - |
| Interest income | - | - |
| Re-measurement of the net defined benefit liability | - | - |
| - Changes in experience adjustments | -0.12 | -0.29 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.00 | 0.09 |
| Re-measurement of the net defined benefit asset | - | - |
| Return on plan assets (greater)/ less than discount rate | - | - |
| Expense recognised in profit or loss | 1.04 | **0.58** |

### 31(B)(3) Plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Funds managed by insurer | - | - |

### 31(B)(4) Defined benefit obligation - Actuarial assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.85% | 4.90% |
| Future salary growth | 10.00% | 10.00% |
| Attrition rate | 30.00% | 30.00% |
| Normal retirement age | 60 years | 60 years |

### 31(B)(5) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, hol other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Pariculars | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| Present Value of Obligation (Base) | 2.49 | | 1.69 | - |
| | Increase | Decrease | Increase | Decrease |
| Discount Rate (- / + 1%) | 2.41 | 2.57 | 1.64 | 1.74 |
| Salary Growth Rate (- / + 1%) | 2.57 | 2.41 | 1.74 | 1.64 |
| Attrition Rate (- / + 50% of attrition rates) | 2.28 | 3.10 | 1.54 | 2.10 |
| Mortality Rate (- / + 10% of mortality rates) | 2.49 | 2.49 | 1.69 | 1.69 |

## 32 Maturity analysis of assets and liabilities

### (A) Maturity analysis of assets and liabilities as at March 31, 2021

₹ in crores

| Sl. No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | ASSETS | | | |
| (1) | Financial assets | | | |
| (a) | Cash and cash equivalents | 485.45 | - | 485.45 |
| (b) | Bank balance other than cash and cash equivalents | 35.15 | 17.76 | 52.91 |
| (c) | Other receivables | | - | - |
| (d) | Loans | | | |
| | - Loan portfolio (excluding securitised assets) | 1,331.90 | 657.64 | 1,989.54 |
| | - Securitised assets | 12.29 | 0.83 | 13.12 |
| (e) | Investments | - | 0.34 | 0.34 |
| (f) | Other financial assets | 21.15 | 0.90 | 22.05 |
| | | | | - |
| (2) | Non-financial assets | | | - |
| (a) | Current tax assets (net) | - | 1.37 | 1.37 |
| (b) | Deferred tax assets (net) | - | 24.52 | 24.52 |
| (c) | Property, plant and equipment | - | 5.78 | 5.78 |
| (d) | Right to use assets | - | 0.84 | 0.84 |
| (e) | Intangible assets | - | 1.94 | 1.94 |
| (f) | Other non-financial assets | 0.37 | - | 0.37 |
| | Total assets | 1,886.31 | 711.92 | 2,598.23 |
| | LIABILITIES AND EQUITY | | | |
| (1) | Financial liabilities | | | |
| (a) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | - | | |
| | (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 24.83 | - | 24.83 |
| | (II) 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 | 7.72 | - | 7.72 |
| (b) | Borrowings | | | |
| | - Debt securities | 125.12 | 43.73 | 168.85 |
| | - Borrowings (other than debt securities) | 1,365.40 | 537.46 | 1,902.86 |
| | - Subordinated liabilities | 0.02 | 74.91 | 74.93 |
| | - Financial liability towards securitisation | 9.15 | - | 9.15 |
| (c) | Other financial liabilities | 0.84 | 0.14 | 0.98 |
| (2) | Non-financial liabilities | | | |
| (a) | Provisions | 1.52 | 4.33 | 5.85 |
| (b) | Other non-financial liabilities | 1.68 | 0.06 | 1.74 |
| (3) | Equity | | | |
| (a) | Equity share capital | - | 7.19 | 7.19 |
| (b) | Other equity | - | 394.13 | 394.13 |
| | Total liabilities and equity | 1,536.28 | 1,061.95 | 2,598.23 |

(B) Maturity analysis of assets and liabilities as at March 31, 2020

₹ in crores

| Sl. No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | ASSETS | | | |
| (1) | Financial assets | | | |
| (a) | Cash and cash equivalents | 80.20 | - | **80.20** |
| (b) | Bank balance other than cash and cash equivalents | 28.34 | 28.60 | **56.94** |
| (c) | Other receivables | - | - | **-** |
| (d) | Loans | | | |
| | - Loan portfolio (excluding securitised assets) | 1,129.15 | 702.82 | **1,831.97** |
| | - Securitised assets | 84.67 | 9.93 | **94.60** |
| (e) | Investments | 45.02 | 0.34 | **45.36** |
| (f) | Other financial assets | 11.86 | 0.74 | **12.60** |
| (2) | Non-financial assets | | | |
| (a) | Current tax assets (net) | - | 4.48 | **4.48** |
| (b) | Deferred tax assets (net) | | 12.24 | **12.24** |
| (c) | Property, plant and equipment | | 7.50 | **7.50** |
| (d) | Right to use assets | | 1.61 | **1.61** |
| (e) | Intangible assets | | 0.89 | **0.89** |
| (f) | Other non-financial assets | 0.76 | - | **0.76** |
| | Total assets | 1,380.00 | 769.15 | 2,149.15 |
| | LIABILITIES AND EQUITY | | | |
| (1) | Financial liabilities | | | |
| (a) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | | - | |
| | (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 22.35 | - | **22.35** |
| | (II) 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 | 6.45 | - | **6.45** |
| (b) | Borrowings | | | |
| | - Debt securities | 101.59 | 35.71 | **137.30** |
| | - Borrowings (other than debt securities) | 907.90 | 509.74 | **1,417.64** |
| | - Subordinated liabilities | 0.01 | 74.89 | **74.90** |
| | - Financial liability towards securitisation | 75.48 | 5.31 | **80.79** |
| (c) | Other financial liabilities | 0.77 | 0.96 | **1.73** |
| (2) | Non-financial liabilities | | | |
| (a) | Provisions | 1.16 | 3.07 | **4.23** |
| (b) | Other non-financial liabilities | 1.49 | 0.68 | **2.17** |
| (3) | Equity | | | |
| (a) | Equity share capital | | 7.19 | **7.19** |
| (b) | Other equity | | 394.40 | **394.40** |
| | Total liabilities and equity | 1,117.20 | 1,031.95 | 2,149.15 |

All advances that have become NPA as at 31st March 2021 are classified as non-current in accordance with Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

## 33 Contingent liabilities

Contingent liabilities not provided for in respect of the below:

(a) Claims against the company not acknowledged as debt

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Demand under Employee Provident Fund Act, 1952 | 0.25 | 0.25 |

(b) Guarantees excluding financial guarantees

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Indemnity undertaking given to Bajaj Allianz Life Insurance Company Limited for insurance claims | - | 0.20 |

## 34 Leases

34.1 The company's leased assets mainly comprise office building. Leases contain a wide range of different terms and conditions. The term of property leases ranges from 1-10 years. The company has used an incremental borrowing rate of 11.84% to determine the lease liability and right to use of asset for leases in 2019-20. There are no lease arrangements entered during the year

34.2 Total lease liabilities are analysed as at

₹ in crores

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| a | Denominated in the following currencies | March 31, 2021 | March 31, 2020 |
| | Rupees | 0.98 | 1.73 |
| | Foreign currency | - | - |
| | Total | 0.98 | 1.73 |

₹ in crores

| | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| b | Maturity of Lease liability | | |
| | Current | 0.84 | 0.75 |
| | Non-current | 0.14 | 0.98 |
| | Total | 0.98 | 1.73 |

34.3 The following amounts were recognised as expense in the year:

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation of right-of-use assets | 0.77 | 0.77 |
| Expense relating to variable lease payments | - | - |
| Expense relating to short-term leases and low-value assets | 4.29 | 3.62 |
| Interest on lease liabilities | 0.17 | 0.20 |
| Total recognised in the income statement | 5.23 | 4.59 |

34.4 The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations

₹ in crores

| Maturity analysis: | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Less than 1 year | 0.86 | 4.61 |
| Between 1 and 2 years | 0.19 | 1.05 |
| Between 2 and 5 years | | - |
| More than 5 years | | - |
| Total | 1.05 | 5.66 |

34.5 The following is the movement in lease liabilities during the year ended March 31, 2021.

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balance as at April 1, 2020 | 1.73 | 1.10 |
| Additions during the period | (0.00) | 1.30 |
| Finance cost incurred during the period | 0.17 | 0.20 |
| Payment of lease liabilities | (0.92) | (0.87) |
| Balance as of March 31, 2021 | 0.98 | 1.73 |

Note: Refer Note 9 for movement in right to use of assets.

## 35 Related party transactions

### Names of the related parties (as per IndAS – 24)

| | |
|---|---|
| Ultimate controlling party | CreditAccess India NV |
| Holding Company | Credit Access Grameen Limited |
| Subsidiary Company | Madura Micro Education Private Limited |
| Company under common control | Scisphere Analytics India Private Limited |
| Company under common control | Scimergent Analytics and Education Private Ltd |
| Whole time Director (Till Mar 31, 2021)<br>Non-Executive Director (From Apr 1, 2021) | Mr. F. S. Mohan Eddy |
| Independent Director | Mr. N. C. Sarabeswaran |
| Independent Director & Chairman | Mr. George Joseph |
| Non-Executive Director | Mr. Paolo Brichetti |
| Non-Executive Director | Mr. Ram Diwakar Boddupalli |
| Independent Director | Mr. Manoj Kumar |
| Non-Executive Director | Mr. Udaya Kumar Hebbar |
| Non-Executive Director (Till Mar 18, 2020) | Mr. Ashok Mirza |
| Non-Executive Director (Till Mar 18, 2020) | Mr. R Ramaraj |
| Independent Director (Till Mar 18, 2020) | Ms. Siva Kameswari Vissa |
| Independent Director (Till Mar 18, 2020) | Mrs. Kavitha Vijay |
| Company secretary- Key Management Personnel (Till May 30 , 2020) | Mr. Sanin Panicker |
| Company secretary- Key Management Personnel (From Feb 21, 2021) | Mr. Ganesh Hegde |
| CFO-Key Management Personnel (Till Jan 30, 2021) | Mr. V. Balakrishnan |
| Managing Director-Key Management Personnel(Till Feb 21,2021)<br>Non-Executive Director (From Feb 22,2021) | Ms. Tara Thiagarajan |
| CEO- Key Management Personnel (Till Feb 20, 2021)<br>CEO & CFO-Key Management Personnel (From Feb 21,2021) | Mr. M. Narayanan |
| Relative of Key Management Personnel | Mrs. Pamela Mohan |

| Particulars | Key Management Personnel | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Transactions during the year** | | |
| **Salary and perquisites -** | | |
| Ms Tara Thiagarajan | 0.66 | 1.05 |
| Mr F S Mohan Eddy | 0.79 | 1.25 |
| Mr M Narayanan | 0.86 | 1.00 |
| Mr. V. Balakrishnan | 0.63 | 0.57 |
| Mr. Sanin Panicker | 0.01 | 0.08 |
| Mr. Ganesh Hegde | 0.01 | - |
| **Balances at the end of the year** | | |
| Gratuity & earned leave payable - Mr M Narayanan * | 0.24 | - |
| Incentives payable | - | 1.33 |

* Provisions for gratuity and leave benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified for March 31, 2020 and hence are not included for the said year.

| Transactions during the year | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Sitting fees | | |
| Mr. Ashok Mirza | - | 0.05 |
| Mr. George Joseph | 0.08 | - |
| Mr. Manoj Kumar | 0.06 | - |
| Mrs. Kavitha Vijay | - | 0.10 |
| Mr. N C Sarabeswaran | 0.06 | 0.11 |
| Mr. R Ramaraj | - | 0.10 |
| Mrs. Siva Kameswari Vissa | - | 0.10 |
| Rent Paid | | |
| Mrs. Pamela Mohan | 0.18 | 0.18 |

| Transactions during the year | Company under common control | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Professional charges | | |
| Scisphere Analytics India Private Limited | 2.98 | 2.01 |

| Particulars | Holding company | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Transactions during the year | | |
| Purchase of intangibles | 0.41 | - |
| Sitting fees paid for nominee directors | 0.13 | |
| Provision for expenses (Provided based on estimate awaiting invoice for cost sharing of manpower, IT infrastructure and IT maintenance) | 0.64 | - |
| Balance at the end of year | | |
| Amount due to holding company | 0.48 | - |

| Particulars | Subsidiary company | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Transactions during the year | | |
| Additional advance given | 0.20 | 1.42 |
| Expenses reimbursed | 0.06 | 0.20 |
| Deputation of staff | 0.07 | - |
| Training Fees paid | - | 0.43 |
| Impairment expense recognised | 0.20 | -0.39 |
| Balance at the end of year | - | - |
| Amount due from subsidiary company | 2.36 | 2.16 |
| Less Provision made | 2.36 | 2.16 |

| Balances at the end of the year | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Sitting fees payable | | |
| Mr. Ashok Mirza | | 0.03 |
| Mrs. Kavitha Vijay | | 0.04 |
| Mr. N C Sarabeswaran | | 0.06 |
| Mr. R Ramaraj | | 0.05 |
| Mrs. Siva Kameswari Vissa | | 0.05 |

## 36 Revenue from contracts with customers

₹ in crores

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **(A) Type of services** | | |
| Service fees for management of assigned portfolio of loans | 0.01 | 0.26 |
| Advertisement display income | 2.24 | 4.31 |
| **Total** | **2.25** | **4.56** |

(B) Geographical markets

₹ in crores

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| India | 2.25 | 4.56 |
| Outside India | - | - |
| **Total** | **2.25** | **4.56** |

(C) Timing of revenue recognition

₹ in crores

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Services transferred at a point in time | 2.25 | 4.56 |
| Services transferred over time | - | - |
| **Total** | **2.25** | **4.56** |

37 Disclosures pursuant to the Master Direction- Non-Banking Financial Company-Systematically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time ('the Master Directions')

a. Capital to risk assets ratio ('CRAR'):

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| CRAR (%) | 20.89% | 23.01% |
| CRAR-Tier I Capital (%) | 17.74% | 19.53% |
| CRAR-Tier II Capital (%) | 3.15% | 3.48% |
| Amount of subordinated debt raised as Tier II capital | 45.03 | 55.00 |
| Amount raised by issue of perpetual debt instruments | Nil | Nil |

Note:
Impairment allowance on Stage 1 loans has been considered as 'contingent provision for standard asset' for the purpose of determining Tier II capital;

b. Investments

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **1. Value of Investments** | | |
| (i) Gross value of investments | | |
| (a) in India | 1.83 | 46.85 |
| (b) outside India | - | - |
| (ii) Provisions for depreciation | | |
| (a) in India | 1.49 | 1.49 |
| (b) outside India | - | - |
| (iii) Net value of investments | | |
| (a) in India | 0.34 | 45.36 |
| (b) outside India | - | - |
| **2. Movement of provision held towards depreciation** | | |
| (i) Opening balance | 1.49 | 1.49 |
| (ii) Add : Provisions made during the year | - | - |
| (iii) Less: Write-off / write-back of excess provision | - | - |
| (iv) Closing balance | 1.49 | 1.49 |

c. Derivatives

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

The Company has no unhedged foreign currency exposure as on March 31, 2021 (March 31, 2020: Nil).

d. Disclosure related to securitization

During the year the Company has not transferred loans through securitization.

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| No of SPVs sponsored by the NBFC for securitization transactions | 2 | 8 |
| Amount of securitized assets as per books of SPV sponsored by NBFC | 15.77 | 98.51 |
| Amount of exposures retained by NBFC to comply with MRR as on the date of balance sheet | | |
| a. Off-balance sheet exposure | | |
| • First loss | Nil | Nil |
| • Others | Nil | Nil |
| b. On-balance sheet exposure | | |
| • First loss – cash collateral | 3.48 | 16.00 |
| • Others | 6.30 | 28.40 |
| Amount of exposures other than MRR | Nil | Nil |
| a. Off-balance sheet exposure | | |
| i. Exposure to own securitizations | | |
| • First loss | Nil | Nil |
| • Loss | Nil | Nil |
| ii. Exposure to third party transactions | | |
| • First loss | Nil | Nil |
| • Others | Nil | Nil |
| b. On-balance sheet exposure | | |
| i. Exposure to own securitizations | | |
| • Others | Nil | Nil |
| ii. Exposure to third party transactions | | |
| • First loss | Nil | Nil |
| • Others | Nil | Nil |

**e. Details of financial assets sold to securitization / reconstruction company for asset reconstruction:**
The Company has not sold any financial asset to securitization / reconstruction company for asset reconstruction in the current and previous year.

**f. Details of securitisation and assignment transactions:**
The Company has undertaken no securitisation and one assignment transaction during the current year (March 31, 2020: four assignment transactions and four securitisation transactions).

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Number of loans assigned | 75,413 | 170,456 |
| Aggregate value (net of provisions) of accounts sold | 125.53 | 247.31 |
| Aggregate consideration | 125.53 | 247.31 |
| Income recognised in Statement of Profit or Loss. | 9.68 | 38.43 |

Note: The above are securitisation and assignment transactions during the year.

**g. Details of non-performing financial asset purchased / sold:**
The Company has not purchased / sold any non-performing financial assets in the current and previous year.

**h. Asset liability management:**

Maturity pattern of assets and liabilities as on March 31, 2021:

₹ in crores

| Particulars | 1 to 7 days | 8 to 14 days | Over 14 days to one month | Over one month to 2 months | Over 2 months to 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Borrowings | 22.06 | 41.36 | 75.72 | 124.64 | 101.50 | 395.11 | 739.30 | 612.89 | 30.71 | 12.50 | **2,155.80** |
| Advances | 40.46 | 60.22 | 50.73 | 145.69 | 123.13 | 342.99 | 580.97 | 625.91 | 32.57 | - | **2,002.66** |
| Investments | - | - | - | - | - | - | - | - | - | 0.34 | **0.34** |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

Maturity pattern of assets and liabilities as on March 31, 2020:

₹ in crores

| Particulars | 1 to 7 days | 8 to 14 days | Over 14 days to one month | Over one month to 2 months | Over 2 months to 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Borrowings | 5.45 | 9.50 | 42.17 | 34.58 | 120.65 | 337.15 | 535.48 | 541.48 | 59.20 | 24.97 | **1,710.63** |
| Advances | - | - | - | - | 146.41 | 409.19 | 658.22 | 712.70 | 0.06 | - | **1,926.58** |
| Investments | 45.02 | - | - | - | - | - | - | - | - | 0.34 | **45.36** |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

The above maturity pattern of assets and liabilities as on March 31, has been prepared with reference to the carrying values of assets and liabilities.
All advances that have become NPA as at 31st March 2021 are classified under 3-5 years bucket in accordance with Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

1.The maturity pattern of advances has been presented considering the effect of revised contractual dues of loans pursuant to moratorium granted to its borrowers upto May 31, 2020, as described in Note No 42 and Note No 43. Such maturity pattern does not reflect additional moratorium upto August 31, 2020 allowed by the RBI vide its notification dated May 23, 2020 as it represents an event subsequent to the date of these standalone financial statements.

2.The maturity pattern of borrowings has been presented considering the effect of moratorium on contractual repayments upto May 31, 2020 to the extent confirmed by the lenders subsequently.

**Madura Micro Finance Limited**
**Notes to standalone financial statements for the year ended March 31, 2021**

**i. Exposures:**
**Exposure to Real estate**

| Category | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **A. Direct exposure** | | |
| (i) Residential Mortgages - | 0.18 | 0.26 |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (All loans are under Rs XX) | | |
| (ii) Commercial Real Estate - | Nil | Nil |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits; | Nil | Nil |
| (iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures- | | |
| a. Residential | Nil | Nil |
| b. Commercial Real Estate. | Nil | Nil |
| **B. Indirect Exposure** | Nil | Nil |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |
| Total Exposure to Real Estate Sector | 0.18 | 0.26 |

**Exposure to Capital Market**

The Company does not have any exposure to Capital Market

**Details of financing of parent company products**

The Company has not financed any parent company products

**Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by applicable NBFC**

The Company has not exceeded the prudential exposure limits during the year w.r.t Single Borrower Limit / Group Borrower Limit

**j. Unsecured advances: Refer Note 6.**

**k. 'Registration obtained from other financial regulators:**

The Company is registered with financial sector regulators / self regulatory organisations as below.

| | |
|---|---|
| a) Ministry of Corporate Affairs | CIN No.U65929TN2005PLC057390 |
| b) Reserve Bank of India | N-07.00754 |
| c) Microfinance Institutional Network | 20 |

**l. Disclosure of penalties imposed by RBI and other regulators:**

No penalties were imposed by RBI and other regulators during current and previous year.

### m. Ratings assigned by credit rating agencies and migration of ratings:

| Particulars | Name of rating agency | Date of rating | Rating / (Previous year rating) | Borrowing limit / conditions imposed by rating agency (₹ in crores) | Valid up to |
|---|---|---|---|---|---|
| 10.11% Non-Convertible Debentures | ICRA Ltd | 31-12-2020 | A- placed on watch with positive implication | 25.00 | 30-06-2022 |
| 9.80% Non-Convertible Debentures | ICRA Ltd | 23-12-2020 | A- placed on watch with positive implication | 37.50 | 23-04-2024 |
| 11.00% Non-Convertible Debentures | CARE | 29-10-2019 | BBB+ (Under Credit watch with Positive Implications) | 36.00 | 29-05-2023 |
| 10.50% Non-Convertible Debentures | ICRA Ltd | 17-08-2020 | A- placed on watch with positive implication | 50.00 | 17-02-2022 |
| 13.00% Non-Convertible Debentures | ICRA Ltd | 13-08-2020 | A- placed on watch with positive implication | 15.00 | 16-08-2021 |
| 14.25% Subordinated, Unsecured, Non-Convertible Debentures | ICRA Ltd | 30-03-2017 | A- placed on watch with positive implication | 50.00 | 29-03-2024 |
| Long-term loan from banks | ICRA Ltd | 18-12-2020 | A- placed on watch with positive implication | 1,206.19 | 30-11-2021 |
| Long term – Unallocated | ICRA Ltd | 18-12-2020 | A- placed on watch with positive implication | 93.81 | 30-11-2021 |

### n. Provisions and contingencies (shown under the head expenditure in statement of profit and loss):

₹ in crores

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| Impairment of financial instruments | 60.43 | 8.09 |
| Provision for income tax | 13.00 | 30.01 |
| Provision for gratuity | 1.04 | 0.76 |
| Provision for leave encashment and availment | 1.04 | 0.58 |
| Total | 75.51 | 39.44 |

**o. Drawdown from reserves:**

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil).

**p. Concentration of advances, exposures and NPAs**

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 * |
|---|---|---|
| **Concentration of advances** | | |
| Total advances to twenty largest borrowers | 2.07 | 1.82 |
| (%) of advances to twenty largest borrowers to total advances | 0.10% | 0.09% |
| **Concentration of exposures** | | |
| Total exposure to twenty largest borrowers / customers | 2.07 | 1.82 |
| (%) of exposures to twenty largest borrowers / customers to total exposure | 0.10% | 0.09% |
| **Concentration of NPAs** | | |
| Total Exposure to top four NPA accounts | 0.21 | 0.17 |

The above represents amount outstanding as per repayment schedule agreed with the borrowers

**p. Sector-wise NPAs**

| Particulars | Percentage of NPAs to Total Advances in that sector as at March 31, 2021 | Percentage of NPAs to Total Advances in that sector as at March 31, 2020 |
|---|---|---|
| Agriculture and allied activities | 3.61% | 1.07% |
| MSME | 0.66% | 0.52% |
| Corporate borrowers | 0.00% | 0.00% |
| Services | 0.39% | 0.00% |
| Others | | |
| Unsecured personal loans | 0.00% | 0.00% |
| Auto loans | NA | NA |
| Other personal loans | 0.03% | NA |

**q. Movement of NPAs**

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **(i) Net NPAs to Net Advances (%)** | **1.63%** | **0.59%** |
| **(ii) Movement of NPAs (Gross):** | | |
| Opening balance | 31.69 | 17.11 |
| Additions during the year | 131.62 | 86.23 |
| Reductions during the year | (64.24) | (71.65) |
| Closing balance | 99.07 | 31.69 |
| **(iii) Movement of Net NPAs** | | |
| Opening balance | 11.43 | 6.57 |
| Additions during the year | 85.36 | 76.51 |
| Reductions during the year | (64.24) | (71.65) |
| Closing balance | 32.55 | 11.43 |
| **(iv) Movement of provisions for NPAs** | | |
| Opening balance | 20.25 | 10.54 |
| Provisions made during the year | 46.27 | 9.71 |
| Write-off / write-back of excess provisions | - | - |
| Closing balance | 66.52 | 20.25 |

**r. Disclosure of customer complaints**

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| a. No. of complaints pending at the beginning of the year | 0 | 0 |
| b. No. of complaints received during the year | 1,245 | 167 |
| c. No. of complaints redressed during the year | 1,245 | 167 |
| d. No. of complaints pending at the end of the year | 0 | 0 |

**s. Information on instances of fraud**

Instances of fraud reported during the year ended March 31, 2021:

₹ in crores

| Nature of fraud | No. of cases | Amount of fraud | Recovery | Amount provided |
|---|---|---|---|---|
| NIL | NIL | NIL | NIL | NIL |

Instances of fraud reported during the year ended March 31, 2020:

₹ in crores

| Nature of fraud | No. of cases | Amount of fraud | Recovery | Amount provided |
|---|---|---|---|---|
| NIL | NIL | NIL | NIL | NIL |

**t. The net interest margin (NIM)**

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Average interest (a) | 20.12% | 21.34% |
| Average effective cost of borrowing (b)* | 10.69% | 11.36% |
| Net interest margin (a-b) | 9.43% | 9.98% |

**Note:**

1.Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.-NO.4906/03.10.038/2012-13 dated April 4,2013 to Micro-finance Institutions Network (the"MFIN format") read with the FAQs issued by RBI on October 12, 2017.

2. Securitised loans not qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements.

3.Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS standalone financial statements.

**Madura Micro Finance Limited**
**Notes to standalone financial statements for the year ended March 31, 2021**

**u. Public disclosure on Liquidity risk management**

i. Funding concentration based on significant Counterparty *(both deposits and borrowings)

| Number of significant counterparties | Amount ( Rs. in Crore) | % of Total Deposits | % of Total Liabilities |
|---|---|---|---|
| 25 | 1,995.18 | NA | 90.82% |

**ii. Top 20 large deposits (amount in Rs. Crore and % of total deposits)-**

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

**iii. Top 10 borrowings (amount in Rs. Crore and % of total borrowings)**

| Amount (Rs in Crore) | % of Total Borrowings |
|---|---|
| 730.35 | 33.88% |

**iv. Funding concentration based on significant instrument / product***

| Name of the instrument/ product | Amount (₹ in Crore) | % of Total Liabilities |
|---|---|---|
| Term loans from Banks | 1,141.07 | 51.94% |
| Term Loans from Financial Institutions | 344.28 | 15.67% |
| Non Convertible debentures | 218.87 | 9.96% |
| Term Loans from Non banking Financial Companies | 442.42 | 20.14% |

**v. Stock Ratios**

| Particulars | as a % of total public funds* | as a % of total liabilities* | as a % of total assets |
|---|---|---|---|
| Commercial papers | 0% | 0% | 0% |
| Non-convertible debentures (original maturity of less than one year) | 0% | 0% | 0% |
| Other short-term liabilities | 16.72% | 1.67% | 1.41% |

**vi. Institutional set-up for liquidity risk management**

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk.

Asset Liability Management Committee (ALCO) of the Company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

*Notes

"1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs."

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

"3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus."

4. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.

v. Asset classification as per IRAC norms

As at 31st March 2021

₹ in crores

| 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 ( Refer Note below) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| -1- | -2- | -3- | -4- | (5)=(3)-(4) | -6- | (7) = (4)-(6) |
| **Performing Assets** | | | | | | |
| **Standard** | Stage I | 1,901.86 | 20.04 | 1,881.82 | 7.58 | 12.46 |
| | Stage II | 108.58 | 20.29 | 88.29 | 0.43 | 19.86 |
| **Subtotal** | | **2,010.44** | **40.33** | **1,970.11** | **8.01** | **32.32** |
| **Non-Performing Assets (NPA)** | | | | | | |
| **Substandard** | **Stage III** | **99.08** | **66.52** | **32.56** | **49.54** | **16.98** |
| **Doubtful - Up to 1 year** | Stage III | - | - | - | | - |
| **1 to 3 years** | Stage III | - | - | - | | - |
| **More than 3 years** | Stage III | - | - | - | | - |
| **Subtotal for doubtful** | | - | - | - | - | - |
| **Loss** | Stage III | - | - | - | - | - |
| **Subtotal for NPA** | | **99.08** | **66.52** | **32.56** | **49.54** | **16.98** |
| Other items | | | | | | |
| Loan to subaidiary | Stage I | - | - | - | - | - |
| | Stage II | - | - | - | - | - |
| **Subtotal** | Stage III | **2.36** 2.36 | **2.36** 2.36 | - | NA | NA |
| **Total** | **Stage I** | **1,901.86** | **20.04** | **1,881.82** | **7.58** | **12.46** |
| | **Stage II** | **108.58** | **20.29** | **88.29** | **0.43** | **19.86** |
| | **Stage III** | **99.08** | **66.52** | **32.56** | **49.54** | **16.98** |
| | **Total** | **2,109.52** | **106.85** | **2,002.67** | **57.55** | **49.30** |

Notes

Figures under this columns Represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under Master Directions.

As at 31st March 2020

₹ in crores

| 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 ( Refer Note below) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| -1- | -2- | -3- | -4- | (5)=(3)-(4) | -6- | (7) = (4)-(6) |
| **Performing Assets** | | | | | | |
| **Standard** | Stage I | 1,904.48 | 19.02 | 1,885.47 | 7.65 | 11.37 |
| | Stage II | 37.04 | 7.36 | 29.68 | 0.15 | 7.21 |
| Additional provision (refer note below) | | | | | 4.09 | (4.09) |
| **Subtotal** | | **1,941.52** | **26.38** | **1,915.15** | **11.89** | **14.49** |
| **Non-Performing Assets (NPA)** | | | | | | |
| **Substandard** | **Stage III** | **31.69** | **20.25** | **11.43** | **19.83** | **0.42** |
| **Doubtful - Up to 1 year** | Stage III | - | - | - | | - |
| **1 to 3 years** | Stage III | - | - | - | | - |
| **More than 3 years** | Stage III | - | - | - | | - |
| **Subtotal for doubtful** | | - | - | - | - | - |
| **Loss** | Stage III | - | - | - | - | - |
| **Subtotal for NPA** | | **31.69** | **20.25** | **11.43** | **19.83** | **0.42** |
| Other items | Stage I | - | - | - | - | - |
| | Stage II | - | - | - | - | - |
| Loan to subaidiary | Stage III | 2.16 | 2.16 | - | NA | NA |
| **Subtotal** | | **2.16** | **2.16** | **-** | **-** | **-** |
| **Total** | **Stage I** | **1,904.48** | **19.02** | **1,885.47** | **11.74** | **7.27** |
| | **Stage II** | **37.04** | **7.36** | **29.68** | **0.15** | **7.21** |
| | **Stage III** | **33.85** | **22.41** | **11.43** | **19.83** | **0.42** |
| | **Total** | **1,975.37** | **48.79** | **1,926.58** | **31.72** | **14.90** |

Note : IRACP provisions for Stage 1 and 2 includes additional 5% provisions of Rs 4.09 crores for defaulting loans under amounting to Rs 81.84 crores, for which asset classification benefit is extended based on RBI's circular DOR.No.BP.BC.63/21.04.048/2019-20 dt 17-Apr-2020

x. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ in crores

| | Particulars | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| 1) | Liabilities side :<br>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | (a) Debentures : Secured | 153.84 | - | 137.30 | - |
| | : Unsecured | 65.02 | - | 50.02 | - |
| | (other than falling within the meaning of public deposits) | - | - | - | - |
| | (b) Deferred Credits | - | - | - | - |
| | (c) Term Loans | 1,927.77 | - | 1,442.50 | - |
| | (d) Inter-corporate loans and borrowing | - | - | - | - |
| | (e) Commercial Paper | - | - | - | - |
| | (f) Other Loans (Working Capital Loans from Banks) | 9.15 | - | 80.80 | - |

₹ in crores

| | Assets side : | 2021 Amount Outstanding | 2020 Amount Outstanding |
|---|---|---|---|
| 2) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : | | |
| | (a) Secured | 0.14 | 0.25 |
| | (b) Unsecured | 2,002.52 | 1,926.32 |
| 3) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors : | | |
| | (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 | - | - |
| 4) | Break-up of Investments :<br>Current Investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | 45.02 |
| | (iv) Government Securities | - | - |
| | (v) Others (please specify) | - | - |
| | 2. Unquoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Others (Certificate of Deposits and Commercial Paper) | | |
| | Long Term investments : | | |
| | 1. Quoted : | | |
| | (i) Shares : (a) Equity | - | - |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Others (please specify) | - | - |
| | 2. Unquoted : | | |
| | (i) Shares : (a) Equity | 0.34 | 0.34 |
| | (b) Preference | - | - |
| | (ii) Debentures and Bonds | - | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government Securities | - | - |
| | (v) Others (please specify) | - | - |

### y. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (continued)

₹ in crores

5) Borrower group-wise classification of assets financed as in (2) and (3) above :

| Particulars<br>Category | March 31, 2021<br>Amount net of provisions<br>Secured | <br><br>Unsecured | <br><br>Total | March 31, 2020<br>Amount net of provisions<br>Secured | <br><br>Unsecured | <br><br>Total |
|---|---|---|---|---|---|---|
| 1. Related Parties | | | | | | |
| (a) Subsidiaries | - | - | - | - | - | - |
| (b) Companies in the same group | - | - | - | - | - | - |
| (c) Other related parties | - | - | - | - | - | - |
| 2. Other than related parties | 0.14 | 2,002.52 | **2,002.66** | 0.25 | 1,926.32 | **1,926.57** |
| **Total** | **0.14** | **2,002.52** | **2,002.66** | **0.25** | **1,926.32** | **1,926.57** |

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

| Category | March 31, 2021<br>Market Value / Break up or fair value or NAV | <br>Book Value (Net of Provisions) | March 31, 2020<br>Market Value / Break up or fair value or NAV | <br>Book Value (Net of Provisions) |
|---|---|---|---|---|
| 1. Related Parties | | | | |
| (a) Subsidiaries | - | - | - | - |
| (b) Companies in the same group | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | 0.34 | 0.34 | 45.36 | 45.36 |
| **Total** | **0.34** | **0.34** | **45.36** | **45.36** |

7) Other information

| | Particulars | March 31, 2021<br>Secured | <br>Unsecured | <br>Total | March 31, 2020<br>Secured | <br>Unsecured | <br>Total |
|---|---|---|---|---|---|---|---|
| (i) | **Gross Non-Performing Assets** | | | | | | |
| | (a) Related parties | | 2.36 | 2.36 | | 2.16 | 2.16 |
| | (b) Other than related parties | | 99.07 | 99.07 | | 31.69 | 31.69 |
| (ii) | **Net Non-Performing Assets** | | | | | | |
| | (a) Related parties | | - | - | | - | - |
| | (b) Other than related parties | | 32.55 | 32.55 | | 11.43 | 11.43 |
| (iii) | Assets acquired in satisfaction of debt | | | | | | |

Notes:

1. As defined in point xix of paragraph 3 of Chapter -2 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
2. Provisioning norms shall be applicable as prescribed by Indian Accounting Standards (Ind AS) issued by ICAI

## 38 Financial instruments – fair values

### 38.1 Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

#### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

₹ in crores

| Financial assets | March 31, 2021 | | | | March 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value Level 1 | Level 2 | Level 3 | Carrying amount | Fair value Level 1 | Level 2 | Level 3 |
| Loans (measured at amortised cost) | 2,002.65 | - | 2,036.54 | - | 1,926.58 | - | 1,958.47 | - |
| Investments (measured at FVTPL) | 0.34 | - | - | 0.34 | 45.36 | 45.02 | - | 0.34 |
| Total | 2,002.99 | - | 2,036.54 | 0.34 | 1,971.94 | 45.02 | 1,958.47 | 0.34 |

₹ in crores

| Fair value of financial liabilities measured at amortised cost | March 31, 2021 | | | | March 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value Level 1 | Level 2 | Level 3 | Carrying amount | Fair value Level 1 | Level 2 | Level 3 |
| Debt securities | 168.85 | | 170.74 | | 137.30 | | 140.24 | |
| Borrowings other than debt securities | 1,902.86 | - | 1,910.47 | - | 1,417.64 | - | 1,428.06 | - |
| Subordinated liabilities | 74.93 | - | 87.69 | - | 74.90 | - | 85.09 | - |
| Total | 2,146.64 | - | 2,168.90 | - | 1,629.84 | - | 1,653.39 | - |

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables other financial assets / liabilities,other non-financial assets / liabilities, payables and provisions are considered to be the same as their fair values, due to their short-term nature.

## 39 Risk Management

### 39.1 Introduction and risk profile

Madura Micro Finance Limited ("The Company") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Company predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, children's education, sanitation and personal emergency loans.

### 9.1.a Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the company. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them. The Board has a Risk Management committee which is responsible for monitoring the overall risk process within the Company and reports to the Board of Directors.

The Risk Management guidelines will be implemented through the established organization structure of Risk Department. The overall monitoring of the Risks is done by the Management level risk committee (MLRC) with the support from all the department heads of the Company. The Board will reviews the status and progress of the risk and risk management system, on quarterly basis through the Audit Committee and Risk Management Committee.

The individual departments are responsible for ensuring implementation of the risk management framework and policies, systems and methodologies as approved by the Board. Assignment of responsibilities in relation to risk management is prerogative of the Heads of Departments, in coordination with MLRC. While each department focuses on its specific area of activity, the MLRC operates in coordination with all other departments, utilising all significant information sourced to ensure effective management of risks in accordance with the guidelines approved by the Board.

MLRC comprising of CEO & CFO and head of departments are accountable for identification, assessment, aggregation, reporting and monitoring of the risk related to their respective domain. The departmental heads will report for the implementation of above mentioned guideline within their respective areas of responsibility.

The Company's policy is that risk management processes throughout the Company are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Company's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

### Risk mitigation and risk culture

Risk assessments are conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures are established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company formulates its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation is planned using the following key strategies:

**Risk Avoidance:** By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

**Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

**Risk Reduction:** Employing methods/solutions that reduce the severity of the loss.

**Risk Retention:** Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

### Risk measurement and reporting systems

The heads of all the departments in association with MLRC are responsible for coordinating the systems for identifying risks within their own department or business activity through RCSA exercise to be conducted at regular intervals. Based on a cost / benefit assessment of a risk, as is undertaken, some risks may be judged as having to be accepted because it is believed mitigation is not possible or warranted.

As the risk exposure of any business may undergo change from time to time due to continuously changing environment, the updation of the Risk Register will be done on a regular basis.

All the strategies with respect to managing these major risks shall be monitored by the MLRC.

The Management Level Risk Committee meetings are held as necessary or at least once a month. The Management Level Risk Committee would monitor the management of major risks specifically and other risks of the Company in general. The Committee takes an integrated view of the risks facing the entity and monitor implementation of the directives received from Risk Management Committee and actionable items drawn from the risk management framework.

Accordingly, the Management Level Risk Committee reviews the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of Key Risk Threshold breaches (KRI's), consequent actions taken and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation.
- Review of HR management, training and employee attrition.
- Review of new initiatives and product/policy/process changes.
- Discuss and review performance of IT systems.
- Review the status of strategic projects initiated.
- Review, where necessary, policies that have a bearing on the operational & credit risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational & credit risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

### Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The following management strategies and policies are adopted by the Company to manage the various key risks.

### Political Risk mitigation measures:

- Low cost operations and low pricing for customers.
- Customer centric approach, high customer retention.
- Rural focus.
- Systematic customer awareness activities.
- High social focused activities.
- Adherence to client protection guidelines.
- Robust grievance redressal mechanism.
- Adherence to regulatory guidelines in letter and spirit.

### Concentration risk mitigation measures:
• District centric approach.
• District exposure cap.
• Restriction on growth in urban locations.
• Maximum disbursement cap per loan account.
• Maximum loan exposure cap per customer.
• Diversified funding resources. - Borrowing Dependence Norms In order to reduce dependency on any single lender, the Company has adopted a cap on borrowings from any single lender at 25%.

### Operational & HR Risk mitigation measures:
• Stringent customer enrolment process.
• Multiple products.
• Proper recruitment policy and appraisal system.
• Adequately trained field force.
• Weekly & fortnightly collections – higher customer touch, lower amount instalments.
• Multilevel monitoring framework.
• Strong, Independent and fully automated Internal Audit function.
• Strong IT system with access to real time client and loan data.

### Liquidity risk mitigation measures:
• Diversified funding resources.
• Asset liability management.
• Effective fund management.
• Maximum cash holding cap.

### Expansion risk mitigation measures:
• Contiguous growth.
• District centric approach.
• Rural focus.
• Branch selection based on census data & credit bureau data.
• Three level survey of the location selected.

### Cash Management Risk
The Company's branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, the Company has developed advanced cash management checks that it employs at multiple levels to track and tally accounts. The Company ensures that cash collected up to a certain time is deposited at local bank branches on the same day.

### Market Risk
The Company is exposed to various types of market risks during the normal course of business such as credit risk, operational risk, cash management risk, Market Exposure risk, Liquidity risk and Interest rate risk.

### Credit Risk
Credit risk is the risk of loss that may occur from defaults by borrowers under loan agreements. In order to address credit risk, the Company has stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk.

Madura predominantly operate in rural and semi urban areas, where we are of the view that the impact of credit risk is limited. Most of our borrowers are into Agriculture, Dairy, Animal Husbandry, textiles, cottage and small trading businesses, where they operate in a 30 km radius. As on date these businesses are running as usual with minimum or no impact. Also, the company is choosy and cautious while lending to borrowers post COVID. Given the dynamic nature of pandemic situation with surge in second wave, more clarity will evolve in the months to come, and the way our Government handles the whole situation.

### Market Exposure risk
Market risk is that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately.

### Total market risk exposure

| Wednesday 31.03.2021 | Carrying amount | Traded risk | Non-traded risk | Primary risk sensitivity |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalent and other bank balances | 485.45 | | 485.45 | No market risk |
| Fixed deposits | 52.91 | | 52.91 | Interest rate risk - 1% - Rs 0.53 crores |
| Loans | 2,002.65 | | 2,002.65 | No market risk as fixed interest rate |
| Financial investments–FVTPL | 0.34 | | 0.34 | |
| Other financial assets at amortised cost | 22.05 | | 22.05 | No market risk as fixed interest rate |
| **Total** | **2,563.40** | | **2,563.40** | |
| **Liabilities** | | | | |
| Payables | 32.55 | | 32.55 | |
| Borrowings (other than Debt Securities) | 1,902.86 | | 1,902.86 | Interest rate risk on floating rate interest loans. 0.25%-Rs 3.26 crores. |
| Debt Securities | 168.85 | | 168.85 | No interest risk as fixed interest rate |
| Subordinate debt | 74.93 | | 74.93 | No interest risk as fixed interest rate |
| Borrowings under securitisation arrangement | 9.15 | | 9.15 | No interest risk as fixed interest rate |
| Other financial liabilities | 0.98 | | 0.98 | |
| **Total** | **2,189.32** | | **2,189.32** | |

| Tuesday 31.03.2020 | Carrying amount | Traded risk | Non-traded risk | Primary risk sensitivity |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalent and other bank balances | 80.20 | | 80.20 | No market risk |
| Fixed deposits | 56.94 | | 56.94 | Interest rate risk - 1% - Rs 0.41 crores |
| Loans | 1,926.57 | | 1,926.57 | No market risk as fixed interest rate |
| Financial investments–FVTPL | 45.36 | 45.02 | 0.34 | Price risk - 1% - Rs 0.45 crores |
| Other financial assets at amortised cost | 12.60 | - | 12.60 | No market risk as fixed interest rate |
| **Total** | **2,121.67** | **45.02** | **2,076.65** | |
| Liabilities | | | | |
| Payables | 28.81 | | 28.81 | |
| Borrowings (other than Debt Securities) | 1,417.64 | | 1,417.64 | Interest rate risk on floating rate interest loans. 0.25%-Rs 1.40 crores. |
| Debt Securities | 137.30 | | 137.30 | No interest risk as fixed interest rate |
| Subordinate debt | 74.90 | | 74.90 | No interest risk as fixed interest rate |
| Borrowings under securitisation arrangement | 80.79 | | 80.79 | No interest risk as fixed interest rate |
| Other financial liabilities | 1.73 | | 1.73 | |
| **Total** | **1,741.17** | | **1,741.17** | |

### 39.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

### 39.2.a Definition of default, significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1: includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date).
Stage 2: includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk).

Stage 3: includes default loans. A loan is considered default at the earlier of (i) the Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing collateral (if held); or (ii) the obligor is past due more than 90 days on any material credit obligation to the Company.

The Company offers products with monthly repayment frequency, whereby 30 and above Days past due ('DPD') means already 1 missed instalments from the borrower, and accordingly, the Company has identified the following stage classification to be the most appropriate for its Loans:
Stage 1: 0 to 30 DPD.
Stage 2: 31 to 90 DPD (SICR).
Stage 3: above 90 DPD (Default).

### 39.2.b Probability of Default ('PD')

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each loan account separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 60 days which matches the definition of stage 3.

### 39.2.c Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

### 39.2.d Loss given default (LGD)

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.

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.

### 39.2.e Grouping financial assets measured on a collective basis

The Company believes that the Self Help Group (SHG) loans have shared risk characteristics (i.e. homogeneous) and Individual loans (IL) have not shared risk characteristics. Therefore, SHG and IL are treated as two separate groups for the purpose of determining impairment allowance.

### 39.2.a.f Analysis of risk concentration

The Company manages concentrationof risk primarily by geographical region in India. The following tables show the geographical concentrations of loans.

| Particulars | Amount (in crores) 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Concentration by Geographical region in India** | | |
| North | 160.11 | 144.28 |
| West | 232.33 | 207.99 |
| South | 1,397.65 | 1,422.63 |
| East | 212.57 | 151.68 |
| **Total carrying amount** | **2,002.66** | **1,926.58** |

### 39.2.g Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

### 39.3 Foreign currency risk:

In view of the Pandemic and oil prices, the rupee has been weakening against the USD. However as of 31st March 2021, the company does not have any foreign currency exposure.

### 39.4 Changes in liabilities arising from financing activities

| Particulars | As at 31.03.2020 | Cash flows | Changes in fair value | Exchnage difference | Others | As at 31.03.2021 |
|---|---|---|---|---|---|---|
| Debt securities | 137.30 | 27.58 | | | 3.97 | 168.85 |
| Borrowings (other than debt securities) | 1,417.64 | 485.33 | | | (0.11) | 1,902.86 |
| Subordinated liabilities | 74.90 | 0.00 | | | 0.03 | 74.93 |
| Lease liabilities | 1.73 | (0.75) | | | - | 0.99 |
| **Total liabilities from financing activities** | **1,631.57** | **512.16** | | | **3.89** | **2,147.63** |

| Particulars | As at 31.03.2019 | Cash flows | Changes in fair value | Exchnage difference | Others | As at 31.03.2020 |
|---|---|---|---|---|---|---|
| Debt securities | 153.22 | (15.60) | | | (0.32) | 137.30 |
| Borrowings (other than debt securities) | 1,383.48 | 38.74 | | | (4.58) | 1,417.64 |
| Subordinated liabilities | 50.00 | 25.00 | | | (0.10) | 74.90 |
| Lease liabilities | 1.11 | 0.62 | | | | 1.73 |
| **Total liabilities from financing activities** | **1,587.81** | **48.76** | | | **(5.00)** | **1,631.57** |

### 39.5 Interest Rate Risk (IRR)

Interest rate risk is the risk where changes in market interest rates might adversely affect MMFL's financial condition and the changes in interest rates affect MMFL significantly. The immediate impact of changes in interest rates is on earnings (i.e. reported profits) by changing its Net Interest Margin (NIM). The risk from the earnings perspective can be measured as changes in Net Interest Margin (NIM). In line with RBI guidelines, the traditional Gap analysis is considered as a suitable method to measure the Interest Rate Risk for MMFL.

In case of MMFLL it may be noted that portfolio loans are not rate sensitive as there is no re-pricing of existing loans are carried out. Only liabilities in the form of borrowings are rate sensitive and considering the size of our business the quantum of impact of change of interest rate of borrowings on liquidity is not significant and can be managed with appropriate treasury action.

On account of COVID-19 the banks are expected to reset the interest rates . The MCLR rates of public sector banks have dropped marginally after March 2020. Depending on the period of impact of pandemic, the interest rates could undergo a change. However MMFL has significant exposure to fixed rate borrowings by way of NCDs and financial institution and partial exposure to floating rate interest loans from banks. These floating rate interest rates are reset annually.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible charge in interest rates (all other variables being constant) of the Company'sprofit and loss statement.

| Particulars | Basis points | Effect on profit / loss and equity for the year 2020-21 | Effect on profit / loss and equity for the year 2019-20 |
|---|---|---|---|
| **Borrowings** | | | |
| Increase in basis points | + 25 | (3.26) | (1.40) |
| Decrease in basis points | - 25 | 3.26 . | 1.40 . |

## 39.6 Capital

The Company actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

### (i) Capital management

The Company's capital management objectives are
'- to ensure the Company's ability to continue as a going concern
'- to comply with externally imposed capital requirement and maintain strong credit ratings
'- to provide an adequate return to shareholders

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Net Debt | 2,155.80 | 1,710.63 |
| Total Equity | 401.36 | 401.61 |
| Net debt to total equity | 5.37 | 4.26 |

## 39.7 Liquidity risk and funding management

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Company may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

### Diversified funding resourses

Asset Liability Management (ALM) can be termed as a risk management technique designed to earn an adequate return while maintaining a comfortable surplus of assets over liabilities. ALM, among other functions, is also concerned with risk management and provides a comprehensive as well as dynamic framework for measuring, monitoring and managing liquidity and interest rate risks. ALM is an integral part of the financial management process of MMFL. It is concerned with strategic balance sheet management, involving risks caused by changes in the interest rates and the liquidity position of MMFL. It involves assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks.

ALM committee constitutes of Board of Directors who would review the tolerance limits for liquidity/ interest rate risks and would recommend to Board of Directors for its approval from time to time. As per the directions of the Board, the ALM statements would be reported to the ALM committee on quarterly basis for necessary guidance.

The scope of ALM function can be described as follows:
i. Funding and Capital Managementm.
ii. Liquidity risk management.
iii. Interest Rate risk management.
iv. Forecasting and analyzing 'What if scenario' and preparation of contingency plans.

Capital guidelines ensure the maintenance and independent management of prudent capital levels for MMFL to preserve the safety and soundness of the company, to support desired balance sheet growth and the realization of new business; and to provide a cushion against unexpected losses. Refer Note 37(a) with respect to regulatory capital of the Company as at the reporting dates.

### a) Financing arrangements

The Group has access to the following undrawn borrowing facilitiesat the end of the reporting period :

₹ in crores

| Particulars | As at March 31, 2021 | As at 31.03.2020 |
|---|---|---|
| Term loans | 230.00 | 21.50 |
| **Total** | **230.00** | **21.50** |

### b) Liquidity assessment as on March 31, 2021

| Particulars | Upto 30 / 31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total* |
|---|---|---|---|---|---|---|---|---|---|
| Borrowings Debt securities | 0.16 | 38.13 | 2.61 | 21.22 | 74.03 | 45.23 | 0.00 | | 181.38 |
| Borrowings (other than debt securities) | 147.90 | 98.90 | 113.11 | 411.12 | 717.67 | 553.36 | 20.06 | | 2,062.12 |
| Subordinated liabilities | 0.29 | 0.30 | 0.29 | 0.88 | 9.35 | 72.23 | 19.06 | 12.94 | 115.34 |
| Financial liability towards securitisation | 2.77 | 2.30 | 1.32 | 1.90 | 1.08 | | | | 9.37 |
| **Total** | **151.12** | **139.63** | **117.33** | **435.12** | **802.13** | **670.82** | **39.12** | **12.94** | **2,368.21** |

### Liquidity assessment as on March 31, 2020

| Particulars | Upto 30 / 31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total* |
|---|---|---|---|---|---|---|---|---|---|
| Borrowings Debt securities | 0.38 | 4.25 | 1.09 | 41.11 | 62.57 | 37.98 | 0.00 | | 147.38 |
| Borrowings (other than debt securities) | 107.58 | 83.38 | 75.57 | 297.89 | 484.72 | 501.04 | 9.02 | | 1,559.20 |
| Subordinated liabilities | 0.30 | 0.30 | 0.29 | 0.88 | 9.34 | 22.22 | 64.61 | 28.50 | 126.44 |
| Financial liability towards securitisation | 14.10 | 10.90 | 10.34 | 26.02 | 20.45 | 1.99 | | | 83.80 |
| **Total** | | **98.83** | **87.29** | **365.90** | **577.08** | **563.23** | **73.63** | **28.50** | **1,916.82** |

## 40 Change in accounting estimates

The company has changed the accounting estimate of useful life for the following assets in order to align its accounting estimate with the holding company. Impact due to the change on the depreciation, amortisation and impairment expenses in the year ending March 31,2021 is also given below. The company has not disclosed the impact of the change in estimate in future periods since it is impracticable to assess the effect.

| Particulars | Revised useful life | Earlier useful life | (Reduction)/Increase in profit (₹ in crores) |
|---|---|---|---|
| Plant and Machinery | 10 Years | 7 years | 0.02 |
| Furniture and fittings | 10 Years | 7 years | 0.10 |
| Electrical and fixtures | 10 Years | 5 years | 0.02 |
| Building | 30 years | 60 years | (0.00) |
| Software | 5 years | 3 years | 0.26 |

## 41 Earnings per share (EPS)

The following reflects the profit / loss after tax and equity share data used in the basic and diluted EPS calculations:

| Particulars | 31.03.2021 | 31.03.2021 |
|---|---|---|
| Net profit/ (loss) after tax as per statement of profit and loss (₹ in crores) | (0.23) | 79.84 |
| Net profit/ (loss) as above for calculation of basic EPS and diluted EPS(₹ in crores) | (0.23) | 79.84 |
| Net profit/ (loss) for calculation of diluted EPS (₹ in crores) | (0.23) | 79.84 |
| Weighted average number of equity shares in calculating basic EPSStock options granted under ESOP | 7,194,761 | 7,194,761 |
| Weighted average number of equity shares in calculating dilutive EPSEarnings per share | 7,194,761<br>(0.32) | 7,194,761<br>110.97 |
| Dilutive earnings per share | (0.32) | 110.97 |
| Nominal value per share | 10.00 | 10.00 |

**42** Consequent to the approval granted by the Board of Directors of both the entities, CreditAccess Grameen Limited ("CAGL"), holds 54,86,216 Equity Shares representing 76.25% of the paid-up equity share capital of the Company as at March 31, 2021. CAGL has applied for BSE Ltd., and National Stock Exchange of India Ltd., the designated Stock Exchanges where its equity shares are listed, for issuing No-Objection for the proposed merger. Currently, the Stock Exchanges have processed the said application and forwarded the same to SEBI, along with their comments. The approval from SEBI is awaited.

Upon receipt of SEBI approval, CAGL will be filing a Petition for Merger before the respective benches of National Company Law Tribunals (NCLTs) seeking approval for the proposed merger.

**43** The approval for re-appointment of Ms. Tara Thiagarajan (erstwhile MD) as the Managing Director of the Company for the period Oct 2013 to Sep 2016 is pending with the Central Government for approval. The Company has furnished all the necessary documents/clarifications in this regard to the Ministry of Corporate Affairs (MCA). During this period an amount of INR 132.50 lakhs excluding gratuity was paid to Ms. Tara Thiagarajan as remuneration. The outbreak of Covid-19 pandemic has created a technical delay for obtaining the approval order from MCA. However, the Company is confident of getting the approval at earliest based on the recent communication from MCA. In the meanwhile Ms.Tara has placed a fixed deposit with a bank for Rs 132.50 lakhs valid till September 19, 2021 with a lien marked in favour of the Company.

## 44 Segment information

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

## 45 Disclosure relating to Micro, Small and Medium Enterprises:

| Particulars | 31.03.2021 | 31.03.2021 |
|---|---|---|
| a. Principal amount remaining unpaid to suppliers | | |
| b. Interest due on the above remaining unpaid to suppliers | | |
| c. Interest paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| d. Amount paid to suppliers beyond the appointed day during the year | | |
| e. Interest due and payable for the period of delay in making payments which have been paid beyond the appointed but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| f. Interest accrued and remaining unpaid | | |
| g.Interest remaining due and payable and paid during the year, for disallowance of deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |

46 On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organisation. it continues to spread across the country leading to a significant decline and volatility in the Indian financial markets and a significant decrease in local domestic activities. On March 24,2020, the Indian government announced a strict 21-day lockdown followed by further extensions of lockdown till 17 May 2020 and various containment measures.

Government announced several lockdowns to control the spread of Covid-I9 . Businesses slowly started from July 2020 and Is back on track from September 2020.

In accordance with the Reserve Bank of India (RBI) guidelines relating to COVID-19 regulatory package dated April 17th 2020, the Company has granted moratorium of three months on the payment of installments falling due between March 1 2020 end May 31 2020 to its eligible borrowers based upon a Board approved policy. RBI vide moratorium 2.0 extended moratorium by further three months. The company through its Board approved policy extended the same on a case to case basis For all such accounts where the moratorium is granted, the asset classification remain unchanged during the moratorium period.

The extent to which the Covid 19 outbreak continues, including the current "second wave" that has significantly increased the number of cases in India, it will continue to impact the Company results and will depend on ongoing as well as future developments , which are highly 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 selected by us.

The company has made provision for impairment based on the Expected Credit Loss (ECL) model as per INDAS 109. Company has revised Its Probability of Default (PD) estimates to factor in the impact of the pandemic and has created an additional management overlay on ECL. as at March 31,2021.

The Company based on to initial and continued estimates and assumptions during the year has provided for the Impact of the pandemic on the Financial Statements. Moreover, due to uncertainties associated with the pandemic the actual inspect may not be in line with current estimates. The Company will continue to closely monitor any changes to the estimates based on future economic conditions. Further the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern.

47 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

48 Government of India had introduced on 23rd Oct 2020 a Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020). As per this scheme, all loans having sanctioned limit of less than Rs. 2 crores, are eligible for this grant of ex-gratia. Company had earlier debited interest on interest to various borrowers which was however not taken to income as it was accrued and provided for in books. However, based on GoI scheme, the amounts debited to borrowers was claimed. Company has credited the accounts of borrowers and received refund of Rs 10.36 crores claimed from the government under this scheme.

49 The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Pending disposal of the case, the Company, as a matter of prudence, had made in respect of these accounts using ECL model.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms from September 1, 2020.

50 Company had availed moratorium on the borrowings from banks and financial institutions. This has resulted in revision of tenure of loan or restatement of instalments payable. Moratorium has been availed for the fixed period from March 2020 to August 2020 In respect of the loans borrowed. Company has given affect of the same In the financial results as on March 31, 2021

51 There were few breach of loan covenants during the year for facilities availed from lenders. However, the company has concluded that these loan covenants are not substantive in nature based on specific facts and circumstances applicable to it. The company has already sent the waiver request letters to lenders with respect to these breaches. Hence, this non-substantive or minor breaches of several debt covenants would not result in loan being classified as "current" as long as the lender has not recalled the loan prior to the date of approval of financial statements. No banker has recalled any loan for any covenants breaches.

As per our report of even date.
For PKF Sridhar & Santhanam LLP.
Chartered Accountants.
Firm Registration No:003990S / S200018.

| | | |
|---|---|---|
| S. Narasimhan .<br>Partner<br>(Membership No : 206047) | Udaya Kumar Hebbar<br>Director | F. S. Mohan Eddy<br>Director |
| Place: Chennai<br>Date: 26th April 2021 | M. Narayanan<br>Chief Executive Officer | Ganesh Hegde<br>Company Secretary |

MADURA
Micro Education

# Financial Statements

## INDEPENDENT AUDITORS' REPORT

## To the Members of Madura Micro Education Private Limited

## Report on the standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Madura Micro Education Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of Profit and Loss (including Other Comprehensive Income, the Statement of Changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, and its Loss, and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of matter – basis of preparation / financial statements prepared on a basis other than going concern

We draw attention to Note No.1.1 to the financial statements which explains that the directors intend to liquidate the company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in Note No.1.1. Our opinion is not modified in this respect of this matter.

### Information other than the Financial Statements and Auditors' Report thereon

The Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Directors' Report and its annexures, but does not include the standalone financial statements and our Auditors' Report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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, 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 Responsibilities for the Audit of the Standalone 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 Standalone financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain and audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has 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 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 uncertainly 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 uncertainly 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 out 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant deficiencies in internal control that we identify doing 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 to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
    d. In our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    e. On the basis of written representations received from the directors as on March 31, 2021taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
3. 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 B"**.
4. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    a. There are no pending litigations.
    b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.N.S.ASSOCIATES**
Chartered Accountants
Firm's Registration No.006297S

S Nagarajan,
Partner
Membership No.020899

*Chennai*
*Dated: 26-04-2021*
UDIN:**21020899AAAAEZ1956**

## Annexure A to the Independent Auditors' Report
## To the Members of Madura Micro Education Private Limited

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Fixed Assets have been physically verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion, the periodicity of the verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not own any immovable properties.

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to loans availed by it.

v) The Company has not accepted deposits from the public.

vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for any of the activities of the Company.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employees state insurance, excise, income tax, sales tax, value added tax, duty of customs, service tax, cess and other statutory dues have been regularly deposited during the year by the Company with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, employees state insurance, income tax, sales tax, value added tax, duty of customs, excise, service tax, cess and other statutory dues which were in arrears as on 31st March 2020 for a period of more than six months from the date they became payable.

(b) There are no dues of income tax, sales tax, value added tax, duty of customs, excise, service tax, cess or other statutory dues that have not been deposited on account of any dispute.

ii). The Company does not have any inventories.

ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). As per the records of the Company, the term loans availed during the year were applied for the purposes for which those are raised.

x) As per the records of the Company and according to the information and explanations given to us, no frauds by the Company or on the company by its officers or employees have been noticed or reported during the year.

xi) According to the information and explanations given to us, the managerial remuneration has not paid any managerial remuneration to its Directors requiring 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.

xiii) In our opinion, all transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable Accounting Standard.

xiv) According to the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year under review.

viii) The Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.

xv) In our opinion, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

For **S.N.S.ASSOCIATES**
Chartered Accountants
Firm's Registration No.006297S

S Nagarajan,
Partner
Membership No.020899

*Chennai*
*Dated: 26-04-2021*
UDIN:**21020899AAAAEZ1956**

# Annexure B

## Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of Madura Micro Education Private Limited

## Report on the Internal Financial Controls 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 **MADURA MICRO EDUCATION PRIVATE LIMITED** ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management 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 based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 system 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 procedure selected depends on the auditor's judgment, including the assessment of the risk 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 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 March 31, 2021, 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.

For **S.N.S.ASSOCIATES**
Chartered Accountants
Firm’s Registration No.006297S

S Nagarajan,
Partner
Membership No.020899

*Chennai*
*Dated: 26-04-2021*
UDIN:**21020899AAAAEZ1956**

# Balance Sheet

## Balance Sheet as on 31st March 2021

₹ in rupees

| Particulars | Notes | As At 31.03.2020 | As At 31.03.2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Non-Current Assets** | | | |
| (a) Property, Plant And Equipment | 4 | - | |
| (b) Capital Work In Progress | | | 578,370 |
| (c) Intangible Assets | 5 | - | |
| **(2) Current Assets** | | | - |
| (d) Financial Assets | 6 | | |
| (a) Trade Receivables | | - | |
| (a) Cash And Cash Equivalents | | 445,408 | - |
| (b) Other Receivables | | 20,541 | 359,456 |
| (e) Oher Current Asssets | 7 | | 20,727 |
| (a) Current tax assets (net) | | - | |
| (f) Other non-financial assets | 8 | - | 434,352 |
| | | | - |
| **Total assets** | | **465,949** | **1,392,905** |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | 9 | | |
| (a) Equity share capital | | 14,900,000 | 14,900,000 |
| (b) Other equity | | -38,134,642 | -36,388,950 |
| **LIABILITIES** | | | |
| (1) **Non-Current Liabilities** | 10 | | |
| **(a) Financial liabilities** | | | |
| (a) Other payables | | | |
| (b) Other Non-Current Liabilities | 11 | | |
| (a) Provisions | | | 401,593 |
| (2) **Current Liabilities** | | | |
| **(a) Financial liabilities** | | | |
| (a) Borrowings | 12 | 23,612,091 | 21,277,174 |
| (b) Payables | 13 | | |
| (I) Trade payables | | | |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| (II) Other payables | | | |
| - Total outstanding dues of creditors othe r than micro enterprises and small enterprises | | 88,500 | 284,209 |
| (c) Other Financial Liabilities | 14 | | 635,943 |
| **(b) Other Current Liabilities** | | | |
| (a) Current tax liabilities (net) | | | |
| (b) Provisions | 15 | | 159,185 |
| (c) Other non-financial liabilities | 16 | | 123,751 |
| **Total Equity and Liability** | | **465,949** | **1,392,905** |

**Significant Accounting Policies**
**See accompanying Notes to Financial Statements**

**Chennai**
**Date: 26.04.2021**

Tara Thiagarajan
**Director**

F S Mohan Eddy
**Director**

## Balance Sheet as on 31st March 2021

₹ in rupees

| | Particulars | Notes | For the year 31.03.2021 | For the year 31.03.2020 |
|---|---|---|---|---|
| **I** | **Revenue from operations** | | | |
| | Fees and Commission | 17 | - | 8,336,463 |
| | **Total Revenue from Operations (I)** | | - | **8,336,463** |
| **II** | **Other Income** | 18 | 170,738 | 17,165 |
| **III** | **Total Revenue (I+II)** | | **170,738** | **8,353,628** |
| **IV** | **Expenses** | | | |
| (a) | **Finance Cost** | 19 | | |
| | (i) On Borrowings | | 26,323 | 1,034,870 |
| (b) | Employee Benefit expenses | 20 | 1,300,123 | 3,145,125 |
| (c) | Depreciation, amortization and impairment | 4 & 5 | 194,226 | 1,215,262 |
| (d) | Other expenses | 21 | 395,758 | 776,501 |
| | **Total Expenses (IV)** | | **1,916,430** | **6,171,758** |
| **V** | **Profit Before Tax** | | **-1,745,692** | **2,181,870** |
| **VI** | **Tax Expense** | | | |
| | (a) Current Tax | | | |
| | (b) Deferred Tax | | | |
| | **Total Tax Expense (VI)** | | - | - |
| **VII** | Profit/(loss) for the year (V-VI) | | -1,745,692 | 2,181,870 |
| **VIII** | **Other Comprehensive Income** | | | |
| (a) | Remeasurement of Defined Benefit Plans | | - | -29,688 |
| | Tax effect on above | | - | - |
| | **Total Other Comprehensive Income for the year** | | - | -29,688 |
| **IX** | **Total comprehensive income (VII +VIII) (comprising profit/loss and other comprehensive income for the year)** | | -1,745,692 | 2,152,182 |
| **X** | **Earnings per equity share (face value of Rs.10 each)** | | | |
| | Basic | | -1.17 | 1.44 |
| | Diluted | | -1.17 | 1.44 |

Significant Accounting Policies
See accompanying Notes to Financial Statements

| | | |
|---|---|---|
| Chennai | Tara Thiagarajan | F S Mohan Eddy |
| Date: 26.04.2021 | Director | Director |

# Cash Flow

## Balance Sheet as on 31st March 2021

₹ in rupees

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit before tax | (1,745,691.94) | 2,152,181.84 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Interest income on loans | - | - |
| Depreciation and amortisations | 194,226.00 | 1,215,262.00 |
| Interest expense on borrowings | - | 882,847.00 |
| Net loss on disposal of property, plant and equipment | - | - |
| Net gain on financial instruments at fair value through profit or loss | - | - |
| Dividend Income | - | - |
| | **194,226.00** | **2,098,109.00** |
| **Operational cash flows from interest:** | | |
| Interest received on loans | - | - |
| Interest received on loans securitised (re-recognised on balance sheet) | - | - |
| Interest paid on borrowings | - | (882,847.00) |
| Interest on financial liability towards securitisation (re-recognised on balance sheet) | - | - |
| **Working capital changes:** | | |
| Increase in loans | - | - |
| (Increase) / decrease in bank balance other than cash and cash equivalents | - | - |
| (Increase) / decrease in trade receivables | - | - |
| (Increase) / decrease in other receivables | 186.00 | 67,696.00 |
| (Increase) / decrease in other financial assets | 434,352.00 | (47,656.00) |
| (Increase) / decrease in other non-financial assets | - | - |
| Increase / (decrease) in trade and other payables | (831,652.00) | (245,769.00) |
| Increase / (decrease) in Provisions | (560,778.00) | (63,013.00) |
| (Decrease) / increase in other non-financial liabilities | (123,751.00) | (93,943.00) |
| | **(1,081,643.00)** | **(382,685.00)** |
| **Income tax paid** | **-** | **-** |
| Net cash flows used in operating activities | **(2,633,108.94)** | **2,984,758.84** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | 384,144.00 | - |
| Proceeds from sale of property, plant and equipment | - | - |
| Purchase of Intangible assets | - | - |
| Purchase of investments at fair value through profit and loss | - | - |
| Sale of investments at fair value through profit and loss | - | - |
| **Net cash flows (used in) / from investing activities** | 384,144.00 | - |
| **Financing activities** | | |
| Borrowings other than debt securities issued (net) | 2,334,917.00 | (4,487,525.00) |
| **Net Cash flows from financing activities** | 2,334,917.00 | **(4,487,525.00)** |
| **Net increase / (decrease) in cash and cash equivalents** | 85,952.06 | **(1,502,766.16)** |
| Cash and cash equivalents as at the beginning of the year | 359,456.40 | **1,862,222.56** |
| Cash and cash equivalents as at the end of the year | **445,408.46** | **359,456.40** |

**Chennai**

**Date: 26.04.2021**

Tara Thiagarajan
**Director**

F S Mohan Eddy
**Director**

## Madura Micro Education Private Limited

## Notes to the financial statements for the year ended 31st March 2021

### 1. Corporate information

The Company is a private limited company registered under the Companies Act, 1956 having Corporate Identification No. U80301TN2013PTC091745. The Company is engaged in the business of providing Skill development training to Micro entrepreneurs and others. The Company is a wholly owned subsidiary of Madura Micro Finance Limited (CIN U65929TN2005PLC057390). In turn, Madura Micro Finance Limited is a subsidiary of Credit Acces Grameen Limited (CIN L51216KA1991PLC053425 ).

### 1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 ("the Act"). The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act)[Companies (Indian Accounting Standards) Rules, 2015 (as amended till date)] and other relevant provisions of the Act. The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores, except when otherwise indicated. The company does not have any operations or business activity post March 31, 2021. Pursuant to the meeting of Board of Directors held on January 22, 2021, the Company is planning to file a strike off application before registrar of companies under Section 248(2) of the Companies Act, 2013 after complying with the applicable conditions. Since, there is a lack of future plan for operations and basis the resolution passed by the Board of Directors in the meeting dated January 22, 2021, these financial statements are prepared on a "not for going concern" basis. The Company is dependent upon its holding company for financial support

### New and amended standards and interpretation

a) Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'

b) Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.

c) Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.

d) Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.

e) Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.

f) Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.

g) Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.

h) Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

i) Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of these amendments has any effect on the Company's financial statements

### New Standards notified but not effective

None

### 1.2 Presentation of financial statements

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. The normal operating cycle is taken as 12 months. The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported on a net basis only when Ind AS specifically permits the same or the company has an unconditional legally enforceable right to offset the recognised amounts not contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

### 1.3 Critical accounting estimates and judgements

"The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements

## 2 Summary of significant accounting policies

The preparation of the Company's financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements

### 2.1 Presentation of financial statements

The fees recceiable in respect of courses conducted is reckoned on accrual basis on the basis of the courses conducted during the year. Other income is accounted for on accrual basis.

### 2.2 Finance cost

Borrowing cost on financial liabilities are recognised by applying the Effective interest rate (EIR).

### 2.3 Cash and cash equivalents

Cash and cash equivalents, comprise cash in hand, cash at bank and short-term investments with an original maturity of three months or less, that are readily convertible to insignificant risk of changes in value.

### 2.4 Property, plant and equipment ('PPE')

#### Initial Recognition and measurement:

Property, Plant and Equipment 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.

### 2.5 Intangible assets

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

### 2.6 Depreciation and amortization

#### 2.6.1 Depreciation and amortization

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 straight-line method as per the useful life given in Schedule II except the following cases where it is depreciated as per the useful lives estimated by management.

| Asset Type | Useful Life |
|---|---|
| Motor Vehicles | 5 years |
| Furnitures & Fixtures | 6.67 years |
| Electrical Fittings | 5 years |
| Temporary structures | 1 year |

Assets costing less than Rs. 5000/- are fully depreciated in the year of purchase.

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.

### 2.6.2 Amortisation

Amortisation on intangible assets is recognised on a straight line basis over the estimated useful lives. 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 3 years, whichever is lower. The Educational content on digital media is depreciated over 3 years.

The Company remeasures the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

## 2.7 Impairment of non–financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

### De- Recognition:

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

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

## 2.8 Provisions

Provisions are recognized only when there is a present obligation, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

### 2.9 Contingent liabilities 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 recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

### 2.10 Retirement and other employee benefits

#### 2.10.1 Defined contribution plan

Retirement benefits in the form of provident fund are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to the respective funds as expenditure, when an employee renders the related service.

#### 2.10.2 Defined benefit plan

Gratuity liability, which is unfunded, is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses resulting from re-measurement of the liabilities/asset are included in other comprehensive income.

The employees of the Company have all been dispensed with.retired and the liability towards payment of gratuity and leave encashment has been considered and accounted for in the financial statements. Consequently, the debit balance in the Other Comprehensive Income amounting to Rs.8017/- as at the close of the current reporting period has been transferred to Profit and Loss Acccount.

2.10.3 Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

#### 2.10.4 Other Long Term Employee Benefits:

The company treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year.

### 2.11 Income Taxes

Tax expense comprises Current tax and Deferred tax.

#### 2.11.1 Current income tax

Current income tax assets and liabilities, including any adjustments of current tax for prior periods, are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961, using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In view of the unabsorbed losses/allowances, no provision for tax including MAT is considered necessary on the profits for the period.

### 2.11.2 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.

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.

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.12 Earning per share

Basic earnings per share is calcuated by dividing the net profit or loss for the year attributable to equity sharehoders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted avaerage number of shares oustanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 2.14 Financial instruments

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

### 2.14.1 Financial Assets

#### 2.14.1.1 Initial recognition and measurement

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

#### 2.14.1.2 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.

#### 2.14.1.3 Financial assets measured at amortized cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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.

#### 2.14.1.4 Financial assets carried at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### 2.14.1.5 Financial assets at fair value through profit or loss (FVTPL)

A financial asset other than those stated as amortized cost/FVTOCI 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.

### 2.14.2 Financial Liabilities

#### 2.14.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

#### 2.14.2.2 Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### 2.14.2.3 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### 2.14.3 Reclassification of Financial Assets and Liabilities

The company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

## 2.15. Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to statement of profit and loss.

## 2.16 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date using valuation techniques. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantegeous market must be accessible by the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 2.17 Foreign currency

2.17.1 All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction

2.17.2 Foreign currency monetary items are reported using the exchange rate prevailing at the close of the period.

2.17.3 Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

## 3. Leases (where the Company is the lessee)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### The Group as a lessee

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The company has opted to apply this standard retrospectively with the cumulative effect of initially applying this standard recognized at the date of initial application.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

The company has also used the practical expedient permitted in the standard for leases ending within 12 months by treating them as short-term leases.

The Company remeasures the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The company recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The lease of premises has been terminated with mutual consent of the Company and the Landlord with effet from 1st Oct 2020. Consequently, the effect of accounting for the leases as per Ind As Rs.86478/- which remains outstanding as a credit balance as at 31-12-2020 has been transferred to Other Income.

# Notes

₹ in rupees

| 4 & 5 Particulars | 4. Property, plant and equipment: Computer Accessories | Office Equipment | Furniture and Fittings | Right to use of Leased Assets | Total | Educational content on digital media | 5. Intangible Assets: Other software | Total |
|---|---|---|---|---|---|---|---|---|
| At cost 01.04.2019 | 1,369,703 | 167,459 | 100,529 | 1,126,202 | 2,763,893 | 20,324,923 | 2,427,631 | 22,752,554 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | | | | | | | | |
| At March 2020 | 1,369,703 | 167,459 | 100,529 | 1,126,202 | 2,763,893 | 20,324,923 | 2,427,631 | 22,752,554 |
| Additions | | | | | | | | |
| Disposals | 1,369,703 | 167,459 | 100,529 | 1,126,202 | 2,763,893 | | 2,427,631 | 2,427,631 |
| 31.03.2021 | - | - | - | - | - | 20,324,923 | - | 20,324,923 |
| Depreciation | | | | | | | | |
| 31.03.2019 | 1,246,818 | 134,964 | 78,736 | 187,700 | 1,648,218 | 20,214,141 | 1,860,456 | 22,074,597 |
| Additions | 122,885 | 32,495 | 6,525 | 375,400 | 537,305 | 110,782 | 567,175 | 677,957 |
| Disposals | | | | | - | | | - |
| 31.03.2020 | 1,369,703 | 167,459 | 85,261 | 563,100 | 2,185,523 | 20,324,923 | 2,427,631 | 22,752,554 |
| Additions | | - | 6,525 | 187,701 | 194,226 | - | - | - |
| Disposals | 1,369,703 | 167,459 | 91,786 | 750,801 | 2,379,749 | | 2,427,631 | 2,427,631 |
| 31.03.2021 | - | - | - | - | - | 20,324,923 | - | 20,324,923 |
| Net Book Value: | | | | | | | | |
| 31.03.2020 | - | - | 15,268 | 563,102 | 578,370 | - | - | - |
| 31.03.2021 | - | - | - | - | - | - | - | - |

## 6 (a) Cash and Cash Equivalents

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Cash and cash equivalents: | | |
| Cash in Hand | | |
| Balances with bank in current account | 445,408 | 359,456 |
| Deposits with Banks | | |
| **Total** | **445,408** | **359,456** |

## 6 (b) Other receivables

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| **Advances recoverable in cash or in kind or for value to be received.** | | |
| **Rent Advance** | | |
| Others | 20,541 | 20,727 |
| **Total** | **20,541** | **20,727** |

## 7 Current tax assets (net)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Income tax assets | | 434,352 |
| Income tax liabilities | | |
| **Total** | | **434,352** |

## 8 Other non- financial assets (at amortized cost)

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| Preliminary expenses (to the extent not written off) | | |
| GST Refund Receivable | | |
| **Total** | | |

## 9 (a) Issued Capital

| Particulars | 31.03.2020 | 31.03.2019 |
|---|---|---|
| **Authorised** | | |
| 50,00,000 equity shares of Rs.10/ each | 50,000,000 | 50,000,000 |
| 1490000 equity shares of Rs.10/ each | 14,900,000 | 14,900,000 |

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| Equity shares | 31.03.2020 | | 31.03.2019 | |
|---|---|---|---|---|
| | No. of Shares | Amount | No. of Shares | Amount |
| Number shares at the beginning of the period | 1,490,000 | 1,4900,000 | 1,490,000 | 1,4900,000 |
| Shares issued during the year | | | | |
| Shares outstanding at the end of the year | 1,490,000 | 1,4900,000 | 1,490,000 | 1,4900,000 |

### (b) Details of shareholders holding more than 5% shares in the company

| Particulars | 31.03.2020 | | 31.03.2019 | |
|---|---|---|---|---|
| | No. of Shares | % holding | No. of Shares | % holding |
| Madura Micro Finance Limited | 1,490,000 | 100 | 1,490,000 | 100 |

# Notes

## 9 (b)Other equity

| Particulars | 44286 | 31.03.2020 |
| --- | --- | --- |
| Retained earnings | -38,162,030 | -36,416,338 |
| Other Comprehensive Income | 27,388 | 27,388 |
| **Total** | **-38,134,642** | **-36,388,950** |

## 10 & 12 Borrowings other than debt securities (at amortized cost)

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| **(a)Term Loan:** | | |
| From other Parties | - | - |
| **(b) Loans from Related parties** | 23,612,091 | 21,277,174 |
| **Total** | **23,612,091** | **21,277,174** |
| **Less : Payable after 12 Months** | - | - |
| **Total Payable in 12 Months** | **23,612,091** | **21,277,174** |

## Provisions -Non Current

| 11. Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| **Provision for Employee Benefit** | | |
| Gratuity | | 279,118 |
| Leave Encashment | | 122,475 |
| **Total** | | **401,593** |

## 13. A Trade Payables

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| (i) Total outstanding dues of Micro enterprises and small enterprises | | |
| (ii) Total outstanding dues of Creditors other than Micro enterprises and small enterprises | | |
| **Total** | | |

## 13. B Other Payables

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| (i) Total outstanding dues of Micro enterprises and small enterprises | | |
| (ii) Total outstanding dues of Creditors other than Micro enterprises and small enterprises | | |
| Liability for expenses | | 134,189 |
| Audit fees payable | 88,500 | 88,500 |
| Sundry Creditors | | 61,520 |
| Travelling Expenses Payable | | |
| **Total** | **88,500** | **284,209** |

## 14. Other Financial Liabilities

| Particulars | 31.03.2021 | 31.03.2020 |
| --- | --- | --- |
| Lease Liability | | 635,943 |
| **Total** | | **635,943** |

## 15. Provisions

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Provision for Employee Benefit** | | |
| Gratuity | | 108,760 |
| Leave Encashment | | 50,425 |
| **Total** | | **159,185** |

## 16. Other non-financial liabilities (at amortized)

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Statutory Liabilities | | 123,751 |
| Employee Benefit Liabilities | | - |
| Others | | - |
| **Total** | | **123,751** |

## 17. Fees and commission

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| Course fees received | | 4,050,703 |
| Training fees from SHG | | 4,285,760 |
| **Total** | | **8,336,463** |

Note: On account of the restriction on gathering due to pandemic no training sessions could be conducted in FY21

## 18. Other income

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| Interest received from others | 25,714 | 17,140 |
| Misc Income | 145,024 | 25 |
| **Total** | **170,738** | **17,165** |

## 19. Finance costs

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| **A) On borrowings** | | |
| Interest on borrowings other than Debt | - | 882,847 |
| Other Finance Cost | 10.097 | 103,229 |
| On finance lease obligations | 16,226 | 48,794 |
| **Total** | **26,323** | **1,034,870** |

## 20. Employee Benefit Expenses

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| Salary and wages | 1,149,631 | 3,026,926 |
| Contribution to PF and other funds | 90,873 | 147,175 |
| Gratuity | 144,958 | 81.576 |
| Leave Encashment | -85,339 | -130,870 |
| Staff welfare expenses | - | 20,318 |
| **Total** | **1,300,123** | **3,145,125** |

## 21. Other Expenses

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| Office Rent | 10,620 | 69,450 |
| Rates and taxes | 4,500 | 4,500 |
| Office Maintenance | - | 21,509 |
| Printing and Stationery | - | 56,276 |
| Computer Maintenance | 79,273 | 128,837 |
| Electricity charges | - | 15,968 |
| Professional fees | 71,980 | 201,680 |
| Auditor's Remuneration | 184,870 | 140,150 |
| Travelling expenses | 1,101 | 69,031 |
| Postage and telecommunication | 20,400 | 66,098 |
| Other Expenses | 23,014 | 3,002 |
| **Total** | **395,758** | **776,501** |

### Auditor's Remuneration

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| As auditor | | |
| Audit fee | 184,870 | 102,000 |
| In other capacity | | |
| Certification services | - | 38,150 |
| **Total** | **184,870.00** | **140,150.00** |

## 21(a). OCI - Income

| Particulars | For the period ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| OCI - Income | | -29,688 |
| **Total** | | **-29,688** |

## 23 Maturity analysis of assets and liabilities

₹ in rupees

### 23 (a) Maturity analysis of assets and liabilities as at March 31, 2021

| Sr. No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | ASSETS | | | |
| (1) | Non-Current Assets | | | |
| (a) | Property, Plant And Equipment | - | - | - |
| (b) | Capital Work In Progress | - | - | - |
| (c) | Intangible Assets | - | - | - |
| (2) | Current Assets | | | |
| (f) | Financial Assets | | | |
| | (a) Trade Receivables | - | - | - |
| | (b) Cash And Cash Equivalents | 445,408 | - | **445,408** |
| | (c) Other Receivables | 20,541 | - | **20,541** |
| (g) | Oher Current Asssets | | | |
| | (a) Current tax assets (net) | - | - | - |
| (h) | Other non-financial assets | - | - | - |
| | Total assets | **465,949** | - | **465,949** |
| | EQUITY AND LIABILITIES | | | |
| | EQUITY | | | |
| | (a) Equity share capital | - | 14,900,000 | **14,900,000** |
| | (b) Other equity | - | -38,134,642 | **-38,134,642** |
| | LIABILITIES | | | |
| (1) | Non-Current Liabilities | | | |
| (a) | Financial Liabilities | | | |
| | (i) Other Payables | - | - | - |
| (b) | Provisions | - | - | - |
| (2) | Current Liabilities | | | |
| | (a) Financial liabilities | | | |
| | (a) Borrowings | 23,612,091 | - | **23,612,091** |
| | (b) Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises | - | - | - |
| | and small enterprises - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | | - |
| | (II) Other payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | 88,500 | | **88,500** |
| | - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | | - |
| | (c) Other Financial Liabilities | - | - | - |
| | (b) Other Current Liabilities | | | |
| | (a) Current tax liabilities (net) | - | - | - |
| | (b) Provisions | - | - | - |
| | (c) Other non-financial liabilities | - | - | - |
| | Total Equity and Liability | 23,700,591 | -23,234,642 | 465,949 |

₹ in rupees

## 23 (b)Maturity analysis of assets and liabilities as at March 31, 2020

| Sr. No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | **ASSETS** | | | |
| (1) | **Non-Current Assets** | | | |
| (a) | Property, Plant And Equipment | - | 578,370 | **578,370** |
| (b) | Capital Work In Progress | - | - | - |
| (c) | Intangible Assets | - | - | - |
| (2) | **Current Assets** | | | |
| (f) | Financial Assets | | | |
| | (a) Trade Receivables | - | - | - |
| | (b) Cash And Cash Equivalents | 359,456 | - | **359,456** |
| | (c) Other Receivables | 20,727 | - | **20,727** |
| (g) | Oher Current Asssets | | | |
| | (a) Current tax assets (net) | 434,352 | - | **434,352** |
| (h) | Other non-financial assets | - | - | - |
| | **Total assets** | **814,535** | **578,370** | **1,392,905** |
| | **EQUITY AND LIABILITIES** | | | |
| | **EQUITY** | | | |
| | (a) Equity share capital | - | 14,900,000 | **14,900,000** |
| | (b) Other equity | - | -36,388,950 | **-36,388,950** |
| | **LIABILITIES** | | | |
| (1) | **Non-Current Liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | (i) Other Payables | - | - | - |
| (b) | Provisions | - | 401,593 | **401,593** |
| (2) | **Current Liabilities** | | | |
| | **(a) Financial liabilities** | | | |
| | (a) Borrowings | 21,277,174 | - | **21,277,174** |
| | (b) Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - |
| | (II) Other payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | 284,209 | | **284,209** |
| | - Total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - |
| | (c) Other Financial Liabilities | 635,943 | - | **635,943** |
| | **(b) Other Current Liabilities** | | | |
| | (a) Current tax liabilities (net) | - | - | - |
| | (b) Provisions | 159,185 | - | **159,185** |
| | (c) Other non-financial liabilities | 123,751 | - | **123,751** |
| | **Total Equity and Liability** | **22,480,262** | **-21,087,357** | **1,392,905** |

## 24 Contingent liabilities

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Nil | | |

## 25 Capital commitments

Estimated amounts of contracts remaining to be executed on capital account (net of capital advances) and not provided:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Nil | | |

## 26 Leases

### Operating Lease

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable term for period of eleven to sixty months with no escalation clause and renewable at the option of the Company.

There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss. Future minimum rentals payable under non-cancellable operating leases are as follows:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Minimum lease obligations | | |
| Not later than one year | - | 384,444.00 |
| Later than 1 year but not later than 5 years | - | 251,499.00 |
| Later than 5 years | - | - |

## 27 Related party transactions

₹ in rupees

### Names of the related parties (as per IndAS – 24)

Holding Company — Madura Micro Finance Ltd

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Amount due to Holding Company | 23,612,091 | 21,612,091 |
| Training fees from SHG | - | 4,285,760 |
| Deputation of Staff | 747,537 | - |
| Expenses Reimbursed | 560,349 | 2,005,927 |

## 28 Risk Management

### 28.1 Introduction and risk profile

Madura Mirco Education Private Limited is the business of creating awareness of micro finance borrowers by running training programs.

### 28.1a Risk management structure

#### Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation risk.

#### Credit Risk

Credit risk is the risk of loss that may occur on receivables. Our business size and volume is insignifcant and hence we are not affected by credit risk

#### Interest Rate Risk

We are subject to interest rate risk, on our borrowings . However we borrow from our Holding Company at fixed rates . So we are insulated form this risk

#### Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls . Our team also manages compliance with requirements set forth by regulatory bodies and our internal standards.

#### Inflation Risk

Inflation rates in India have been range-bound in recent years. However, significant geo-political events may increase inflation levels in the future. A high-inflation environment may result in an increase in overall interest rates. High rates of inflation in the Indian economy could also lead to a higher operating cost, which could impact the results of our operations.However we borrow at fixed rate from Holding company and hence the risk is managed

#### Risk management structure

Risk assessments are conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Company. Procedures are established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Company formulates its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk.

**The risk mitigation is planned using the following key strategies:**

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

**Risk Reduction:** Employing methods/solutions that reduce the severity of the loss.

**Risk Retention:** Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

## 28 b Total market risk exposure

| | Wednesday, March 31, 2021 | | | Tuesday, March 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Traded risk | Non-traded risk | Carrying amount | Traded risk | Non-traded risk |
| **Assets** | | | | | | |
| Cash & Cash equivalents | 445,408 | | 445,408 | 359,456 | | 359,456 |
| Other receivables | 20,541 | | 20,541 | 20,727 | | 20,727 |
| **Liabilities** | | | | | | |
| Other payables | - | | - | - | | - |
| Borrowings | 23,612,091 | | 23,612,091 | 21,277,174 | | 21,277,174 |

## 29 Earnings per share (EPS)

₹ in rupees

The following reflects the profit / loss after tax and equity share data used in the basic and diluted EPS calculations:

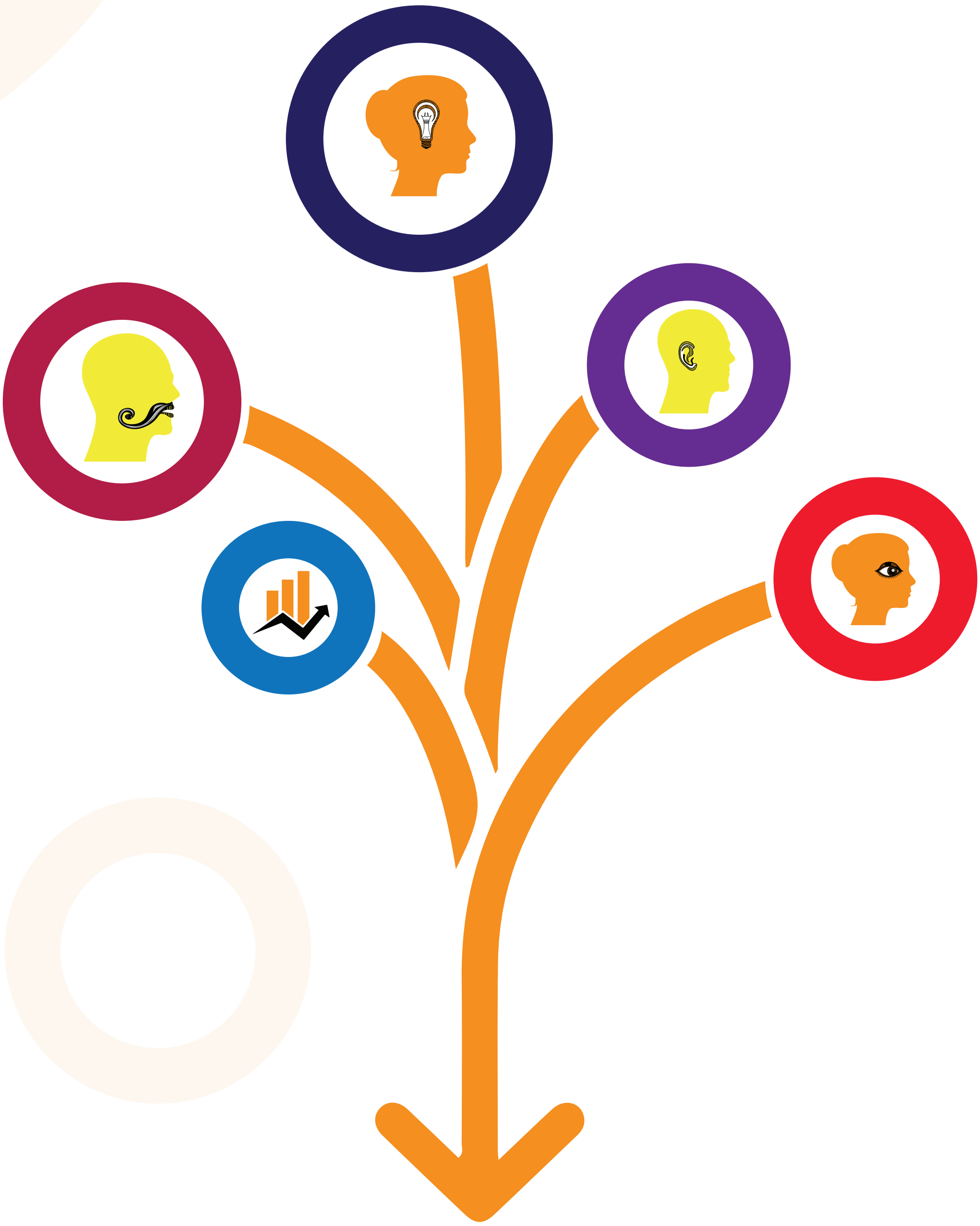
| Particulars | | March 31, 2021 | March 31, 2020 |
|---|---|---|---|
| Net profit/ (loss) after tax as per statement of profit and loss | | -1,745,691.94 | 2,152,181.84 |
| Net profit/ (loss) as above for calculation of basic EPS and diluted EPS (₹ in crores) | | -1,745,691.94 | 2,152,181.84 |
| Add: Interest on debentures convertible into equity shares (net of tax) (₹ in crores) | | - | - |
| Net profit/ (loss) for calculation of diluted EPS (₹ in crores) | | -1,745,691.94 | 2,152,181.84 |
| Weighted average number of equity shares in calculating basic EPS | | 1,490,000.00 | 1,490,000.00 |
| Stock options granted under ESOP | | - | - |
| | 7 | 1,490,000.00 | 1,490,000.00 |
| Earnings per share | | -1.17 | 1.44 |
| Dilutive earnings per share# | | -1.17 | 1.44 |
| Nominal value per share | | | |

Signatures to Schedules & Notes

**Chennai**
Date: 26.04.2021

Tara Thiagarajan
Director

F S Mohan Eddy
Director



MADURA
micro finance

# Consolidated Financial Statements

# INDEPENDENT AUDITORS' REPORT

## To the Members of Madura Micro Finance Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Madura Micro Finance Limited (hereinafter referred to as the 'Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31 March 2021, and the consolidated statement of Profit and Loss, the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the reports of other auditor on the financial information of the subsidiary, the aforesaid consolidated 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and the consolidated loss , the consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013 and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw your attention to Note no. 47 to the consolidated financial statements about the uncertainties prevailing on the balance sheet date on the recoverability of the Group's loans and advances on account of the COVID-19 impact. The estimates and assumptions made by management in determining the impairment provision required for these loans are subject to matters that are outside the control of the Group and hence the actual results may vary from these estimates.

Our opinion is not modified in respect of above matter.

## Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31'st March 2021. These matters were addressed in the context of our audit of the consolidated 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 matter described below to be the key audit matters to be communicated in our report.

### Key Audit Matter

Provision for expected credit loss (ECL) on loans (Refer note 3.13.4 and 6 to the Financial Statements)

Management estimates impairment provision using Expected Credit loss model for the loan exposure. Measurement of loan impairment involves application of significant judgement by the management. The significant judgements are:

- Timely identification and classification of the impaired loans, and
- Determination of probability of defaults (PD) and estimation of loss given defaults (LGD) based on the value of collaterals and relevant factors

The estimation of Expected Credit Loss (ECL) on financial instruments involves significant judgements and estimates.

Following are points with increased level of audit focus:

- Classification of assets to stage 1, 2, or 3 (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories) using criteria in accordance with Ind AS 109 which also include considering the impact of recent RBI's Covid-19 regulatory circulars;
- Accounting interpretations, modelling assumptions and data used to build and run the models;
- Measurement of borrowers' provisions including Covid-19 impact assessment of multiple economic scenarios;
- Inputs and Judgements used in determination of Management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 Pandemic and

The disclosures made in Financial Statements for ECL especially in relation to judgements and estimates by the Management in determination of the ECL.

### How the matter was addressed

- Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109, the governance framework approved by the Board of Directors and moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis.
- Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing loans (stage 1) to assess whether any SICR or loss indicators were present requiring them to be classified under stage 2 or 3 or vice versa along with additional considerations applied by the Management for staging of loans as SICR or default categories in view of Company's policy on moratorium.
- Tested the input data used for grouping and staging of loan portfolio into various categories and default buckets for determining the PD and LGD rates. Also, agreed the input data with the underlying books of accounts and records.
- Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic).
- Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.
- Assessed disclosures included in the standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regard to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.

## Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report / the management report, chairman's statement and business responsibility report but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the reports, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary company which is a company incorporated in Indiahave 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 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

## Other Matters

We did not audit the financial statements of the subsidiary whose financial statements reflect total assets of Rs. 0.05cr and net assets of Rs. (2.32) cras at 31 March 2020, total revenues of Niland net cash inflows amounting to Rs.0.0085cr for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section (3) of Section 143 and sub-section (11) of Section 197 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

## Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and on the consideration of report of other auditor on separate financial statements and other financial information of the subsidiary as noted in the 'Other matters' paragraph, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the auditor of the subsidiary company, none of the directors of the Group is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor as also the other financial information of the subsidiary, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 33 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

h) As required by Section 197(16) of the Act, we report that the remuneration paid by the Holding Company, and its subsidiary company incorporated in India to its directors is in accordance with the prescribed provisions and the remuneration paid to every director is within the limit specified under Section 197except for Central Government approval yet to be received for appointment and payment of remuneration to erstwhile Managing Director for the period from Oct 2013 to Sep 2016. Refer note 44.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S Narasimhan
Partner
Membership No. 206047

*Chennai*
*26 04 2021*
UDIN:**21206047AAAABU2778**

# Annexure A

## Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date on the consolidated financial statements of Madura Micro Finance Limited

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of **Madura Micro Finance Limited** (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of the Holding Company and another auditor has audited its subsidiary company which is a company incorporated in India, as of that date.

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were 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 auditors' 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company which is a company incorporated in India.

# Annexure A

## 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, the Holding Company, and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting ,with certain changes for remote work environment, were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Group 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.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the subsidiary company, which is a company incorporated in India, is based on the corresponding report of the other auditor of the subsidiary incorporated in India.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

S Narasimhan
Partner
Membership No. 206047

*Chennai*
*26 04 2021*
UDIN:**21206047AAAABU2778**

# Balance Sheet

## Consolidated balance sheet as at March 31, 2021

₹in crores

| Particulars 8 | Note No. | As At 31.03.2021 | As At 31.03.2020 |
|---|---|---|---|
| **ASSETS** | | | |
| **(1) Financial assets** | | | |
| (a) Cash and cash equivalents | 4 | 485.49 | 80.24 |
| (b) Bank balance other than cash and cash equivalents | 5 | 52.91 | 56.94 |
| (c) Loans | 6 | | |
| - Loan portfolio (excluding securitised assets) | | 1,989.54 | 1,831.97 |
| - Securitised assets | | 13.12 | 94.6 |
| (d) Investments | 7 | 0.34 | 45.36 |
| (e) Otherfinancial assets | 8 | 22.05 | 12.60 |
| | | | |
| **(2) Non-financial assets** | | | 94.60 |
| (a) Current tax assets (net) | 29D | 1.37 | 4.52 |
| (b) Deferred tax assets (net) | 29C | 24.52 | 12.24 |
| (c) Property, plant and equipment | 9 | 5.78 | 7.50 |
| (d) Right to use assets | 9 | 0.84 | 1.66 |
| (e) Other intangible assets | 9 | 1.94 | 0.89 |
| (e) Other non-financial assets | 10 | 0.37 | 0.76 |
| **TOTAL ASSETS** | | **2,598.27** | **2,149.29** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **(1) Financial liabilities** | | | |
| (a) Derivative Financial Instruments | | | |
| (b) Payables | | | |
| (I) Trade payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | | | |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 24.83 | 22.32 |
| (II) 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 | | 7.73 | 6.48 |
| (c) Borrowings | | | |
| - Debt securities | 11 | 168.85 | 137.30 |
| - Borrowings (other than debt securities) | 12 | 1,902.86 | 1,417.64 |
| - Subordinated liabilities | 13 | 74.93 | 74.90 |
| - Financial liability towards securitisation | 14 | 9.15 | 80.79 |
| | | | |
| (d) Other financial liabilities | 15 | 0.98 | 1.79 |

# Balance Sheet

₹ in crores

| | | | |
|---|---|---|---|
| **(2) Non-financial liabilities** | | | |
| (a) Current tax liabilities (net) | 16 | 5.85 | 4.29 |
| (b) Provisions | 17 | 1.74 | 2.18 |
| Other non-financial liabilities | | | |
| **(3) Equity** | | | |
| (a) Equity share capital | 18 | 7.19 | 7.19 |
| (b) Other equity | 19 | 394.17 | 394.41 |
| **TOTAL LIABILITIES AND EQUITY** | | **2,598.27** | **2,149.29** |

***Significant Accounting Policies***
*The accompanying notes 1 to 46 form an integral part of financial statements*

*As per our report of even date*
**For PKF Sridhar & Santhanam LLP**
*CHARTERED ACCOUNTANTS*
*Firm's Registration No.003990S/S200018*

**S.Narasimhan**
*(Partner)*
*Membership No.206047*

**Udaya Kumar Hebbar**
*Director*

**F. S. Mohan Eddy**
*Director*

**Chennai**
**26.04.2021**

**M. Narayanan**
*Chief Executive Officer*
*& Chief Financial Officer*

**Ganesh Hegde**
*Company Secretary*

# Profit And Loss

**Statement of Consolidated Profit and lossfor the year ended March 31, 2021**

₹ in crores

| Particulars | Note No. | For the year ended Tuesday, 31.03.2021 | Sunday, 31.03.2020 |
|---|---|---|---|
| **I Revenue from operations** | | | |
| (a) Interest income | | | |
| - Interest on loans | 20 | | |
| - Income on securitisation | | 392.25 | 414.98 |
| - Income from portfolio purchased under assignment | | 12.96 | 27.59 |
| Interestondepositswith banksandfinancial | | 0.75 | 7.36 |
| institutions | | 6.66 | 5.01 |
| (b) Fees and commission | 21 | 0.01 | 0.26 |
| (c) Sale of Service | | | 0.16 |
| (d) Dividend income | | | 0.41 |
| (e) Net gain on fair value changes | 22 | 2.26 | 2.51 |
| (f) Bad debt recovery | | 4.45 | 2.87 |
| (g) Others | 23 | 13.59 | 10.36 |
| **Total revenue from operations (I)** | | **432.93** | **471.51** |
| **II Other income** | 24 | 2.36 | 4.39 |
| **III Total income (I+II)** | | **435.29** | **475.90** |
| **IV Expenses** | | | |
| (a) Finance costs | 25 | | |
| - On borrowings | | 185.76 | 185.33 |
| On financial liability towardssecuritisation | | 4.39 | 9.96 |
| - On finance lease obligation | | 0.17 | 0.20 |
| (b) Impairment of financial instruments | 26 | 124.46 | 57.14 |
| (d) Employee benefits expenses | 27 | 80.39 | 67.41 |
| (e) Depreciation, amortisation and impairment expenses | 28 | 4.27 | 5.11 |
| (f ) Other expenses | 29 | 35.32 | 44.34 |
| **Total expenses (IV)** | | **434.76** | **369.49** |
| **V Profit before tax (III-IV)** | | **0.53** | **106.41** |
| **VI** | | | |
| **Tax expense** | | | |
| (1) Current tax | 30 | | |
| i. Current year | | **13.00** | **30.01** |
| ii. Pertaining to earlier years | | | (1.74) |
| (2) Deferred tax | | (12.27) | (1.53) |
| **Total tax expense (VI)** | | **0.73** | **26.74** |
| **VII** | | | |
| **Profit / (loss) for the year (V-VI)** | | **(0.20)** | **79.67** |

| | | | |
|---|---|---|---|
| **VIII** | **Other comprehensive income** | | |
| **(a)** | Items that will not be reclassified to profit or loss | | |
| | -Remeasurement (losses) and gains on defined benefit obligations (net) | (0.05) | (0.29) |
| | (2) Income tax relating to items that will not be reclassified to profit or loss | 0.01 | 0.07 |
| | **Subtotal (a)** | **(0.04)** | **(0.22)** |
| **(b)** | Items that will be reclassified to profit or loss | | |
| | - Net change in fair value of loans measured at fair value through other comprehensive income | - | - |
| | (2) Income tax relating to items that will be reclassified to profit or loss | - | - |
| | **Subtotal (b)** | **-** | **-** |
| | **Other comprehensive income (VIII = a+b)** | **(0.04)** | **(0.22)** |
| **IX** | **Total comprehensive income (VII+VIII) (Comprising profit and other comprehensive income for the year)** | **(0.24)** | **79.46** |
| **X** | **Earnings per equity share (face value of `10.00 each)** | | |
| | Basic | (0.27) | 110.74 |
| | Diluted | (0.27) | 110.74 |

**The accompanying notes 1 to 46 form an integral part of financial statements**

*As per our report of even date*
**For PKF Sridhar & Santhanam LLP**
*CHARTERED ACCOUNTANTS*
*Firm's Registration No.003990S/S200018*


**For PKF Sridhar & Santhanam LLP**
*CHARTERED ACCOUNTANTS*
*Firm's Registration No.003990S/S200018*


**S.Narasimhan**
*(Partner)*
*Membership No.206047*

**Chennai**
**26.04.2021**

**Udaya Kumar Hebbar**
*Director*

**F. S. Mohan Eddy**
*Director*

**M. Narayanan**
*Chief Executive Officer*
**&** *Chief Financial Officer*

**Ganesh Hegde**
*Company Secretary*

# Cash Flow

₹in crores

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Cash flow from operating activities:** | | |
| Profit beforetax | 0.53 | 106.41 |
| **Adjustments to reconcile profit before tax to net cash flows:** | | |
| Interest income on loans | (393.00) | (422.34) |
| Income on securitisation | (12.96) | (27.59) |
| Depreciation and amortisations | 4.27 | 5.11 |
| Interest expense on borrowings | 185.93 | 185.53 |
| Interestexpenseson financial liability towardssecuritisation | 4.39 | 9.96 |
| Impairment onfinancial instruments | 60.22 | 8.47 |
| Net gain on financial instruments at fair value through profit or loss | (11.95) | (12.87) |
| Dividend Income | | (0.16) |
| | **(163.10)** | **(253.88)** |
| **Operational cash flows from interest:** | | |
| Interest received on loans | 369.03 | 423.29 |
| Interest received on loans securitised | 13.31 | 27.20 |
| Interest paid on borrowings | (182.02) | (184.92) |
| Intereston financial liability towardssecuritisation | (4.50) | (10.05) |
| **Working capital changes:** | | |
| Increase/ decreasein derivative finacial instruments | | (0.07) |
| (Increase) / decrease in loans | (184.90) | (135.67) |
| Increase/decrease in securitised assets | 81.90 | 51.91 |
| (Increase) / decrease in bank balance other than cash and cash equivalents | 4.03 | (1.94) |
| Increasein other financial assets | (9.45) | (4.67) |
| (Increase)/ decreasein othernon-financial assets | 0.39 | (0.55) |
| Increase in trade and other payables | 3.75 | 12.81 |
| Increase/ (decrease)in other financial liabilities | (0.81) | 0.59 |
| Increase / (decrease) in provisions | 1.51 | 0.93 |
| (increase) /decrease) in othernon-financial liabilities | (0.45) | 0.84 |
| | **(104.03)** | **(75.83)** |
| Income tax paid | (9.85) | (34.91) |
| **Net cash flows used in operating activities (A)** | **(80.64)** | **(2.68)** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (1.45) | (7.81) |
| Purchase of Intangible assets | (1.32) | (0.39) |
| Purchase of investments at fair value through profit andloss | (1,006.30) | (1,422.25) |
| Sale of investments at fair value through profit andloss | 1,053.58 | 1,389.90 |
| **Net cash flows (used in) / from investing activities (B)** | **44.51** | **(40.55)** |

# Cash Flow

| | | | |
|---|---|---|---|
| **Financing activities** | | | |
| Debt securities (repaid) / issued (net) | 27.58 | (15.60) | |
| Borrowings other than debt securities (repaid)/ issued (net) | 485.33 | 36.90 | |
| Subordinated liabilities (repaid) / issued (net) | 0.00 | 25.00 | - |
| Financial liability towards securitisation (net) | (71.53) | (56.99) | |
| **Net Cash flows from financing activities (C )** | **441.38** | **(10.69)** | |
| | | | |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **405.26** | **(53.92)** | |
| Cash and cash equivalents as at the beginning of the year | 80.23 | 134.15 | |
| Cash and cash equivalents as at the end of the year | 485.49 | 80.23 | |

**Reconciliation of cash and cash equivalents as per cash flow statement**

| | | |
|---|---|---|
| Cash and cash equivalents consists of | | |
| Cash and cash equivalents as at the end of the year (Refer note 4) | 485.49 | 80.24 |
| Cash credit (refer note 11) | | (0.01) |
| **Total** | **485.49** | **80.23** |

The accompanying notes 1 to 46 form an integral part of financial statements

**For Madhura Micro Finance Limited**

Place : Chennai
Date : 26.04.2021

**F . S Mohan Eddy**
Director

## Madura Micro Finance Limited
## Notes to the consolidated financial statements for the year ended 31'st March , 2021

### 1. Corporate information

Madura Micro Finance Limited ("the Company"), headquartered in Chennai, is a Company incorporated on 02.09.2005 under Companies Act, 1956 and registered with the Reserve Bank of India as a Non-deposit accepting Non-Banking Financial Company (NBFC-ND) with effect from 28.02.2006. The Company got classified as a Non-Banking Financial Company - Micro Finance Institution (NBFC-MFI) effective 11.12.2013. Some of the company's debentures are listed in Bombay Stock Exchange.

Pursuant to the execution of Share Purchase Agreements dated 27th November 2019 by the Promoters, Major Shareholders and others, 75.64% of the paid-up Capital of the Company has been acquired by M/s CreditAccess Grameen Limited (CAGL), Bangalore, a Non-Banking Financial Company, on 18th March 2020.Consequently, effective 18th March 2020, your Company has become a Subsidiary of CAGL.As at 31 March 2021, CAGL holds 76.25% of the company.

The Company is primarily engaged in the business of providing loans to the Self-Help Group (SHG) members and other loans.

The consolidated financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on 26th April 2021

### 2. Basis of preparation

The Consolidated financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and notified under Section 133 of the Companies Act, 2013 ("the Act").

The Consolidated financial statements comprise the financial statements of Madura Micro Finance Limited (the holding company) and its subsidiary Madura Micro Education Private Limited (the holding company and its subsidiary is referred to as the "Group")

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act)[Companies (Indian Accounting Standards) Rules, 2015 (as amended till date)] and other relevant provisions of the Act.

In respect of significant accounting matters, the Group has analysed the provisions contained in Ind AS and the relevant guidance as per RBI Guidelines and has adopted appropriate accounting treatment while ensuring compliance with RBI Guidelines. The Group follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for NBFC-MFI's and follows the provisioning norms as per Reserve Bank of India or Ind AS whichever is more stringent.

The Consolidated financial statements have been prepared on a historical cost basis, except for fair financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. The Consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores, except when otherwise indicated.

In view of the matters as mentioned in Note 46, the Company has assessed the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. After the lock down was lifted the business activities in the economy has improved. Borrowers are gradually able to increase repayment of loans. Company has seen increase in collection efficiency month on month. The new loan disbursements have also improved. The area of operation is rural and semi-urban, where the impact of the second wave has been lower and is likely to remain lower.

Even in case of partial lockdown, the recoveries of loan is not expected to deteriorate. Company has sufficient liquidity to pay off its debts and Company has widened its funding sources while retaining existing lenders.Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. Accordingly, the standalone financial statements have been prepared on a going concern basis.

The subsidiary company does not have any operations or business activity post March 31, 2021. Pursuant to the meeting of Board of Directors of the subsidiary company held on January 22, 2021, the subsidiary company is planning to file a strike off application before Registrar of Companies under Section 248(2) of the Companies Act, 2013 after complying with the applicable conditions. Basis the resolution passed by the Board of Directors of the subsidiary company in the meeting dated January 22, 2021, these financial statements of the subsidiary company are prepared on a "not for going concern" basis.

## New and amended standards and interpretation

Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'

Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.

Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.

Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.

Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.

Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.

Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.

Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of these amendments has any material effect on the Company's financial statements

## New Standards notified but not effective

None

## 2.1 Critical accounting estimates and judgements

"The preparation of the Group's Consolidated financial statements requires Management to make use of estimates and judgements. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgements are used in various line items in the financial statements for e.g.:

- Business model assessment (Refer Note no.3.13) - Financial Instrument
- Fair value of financial instruments (Refer Note no.3.15) - Fair value measurement
- Effective interest rate (EIR) (Refer Note no. 3.1.1)
- Impairment of financial assets (Refer Note no.3.13.4)- Impairment of financial assets
- Provisions (Refer Note no. 3.8)
- Contingent liabilities and assets (Refer Note no.3.9)
- Provision for tax expenses (Refer note no.3.11) - Taxes
- Residual value and useful life of property, plant and equipment (Refer Note no. 3.6.1)
- Leases covered under INDAS 116 (Refer note 34)

### Estimation of impairment allowance on financial assets amidst COVID-19 pandemic:

Estimates and associated assumptions, especially for determining the impairment allowance for group's financial assets, are based on historical experience and other emerging factors on account of the pandemic which may also have an effect on the expected credit loss. The Group believes that the factors considered are reasonable under the current circumstances. The Group has used indicators of moratorium and delayed repayment metrics observed along with an estimation of potential stress on probability of default and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit losses on loans. Given the dynamic nature of the pandemic situation with surge in Second Wave, these estimates are subject to uncertainty and may be affected by the severity and duration of the pandemic.

## 2.2 Presentation of Consolidated financial statements

The Group presents its balance sheet in order of liquidity in accodance with Schedule III Division III of Companies Act 2013. The Group generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when INDAS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly the Group offsets incomes and expenses on a net basis only when it is specifically permitted to do so by INDAS.

## 3. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these Consolidated financial statements. These policies have been consistently applied to all the years presented.

### 3.1 Revenue recognition

#### 3.1.1 Interest income

The Group computes Interest income by applying the Effective interest rate (EIR) to the gross carrying amount of a financial asset except for

- Purchased or originated credit-impaired financial assets, where the company applies the credit adjusted EIR to the amortised cost of the financial asset from initial recognition, and
- Financial assets that are not purchased or originated credit impaired financial assets but subsequently have become credit-impaired financial assets, where the company applies EIR to the amortised cost of the financial asset in subsequent reporting periods.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

When calculating the EIR, the Group includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, but not future credit losses.

3.1.2 Interest income on all financial assets required to be measured at FVTPL is recognised using the contractual interest rate.

3.1.3 Dividend income is recognised when the right to receive payment is established.

3.1.4 The Group recognises gains on fair value change of financial assets measured at FVTPL and realised gains on derecognition of financial asset measured at FVTPL on net basis.

3.1.5 Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised.

3.1.6 Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

3.1.7 The fees receivable in respect of courses conducted is reckoned on accrual basis on the basis of the courses conducted during the year. Other income is accounted for on accrual basis.

## 3.2 Finance cost

Borrowing cost on financial liabilities are recognised by applying the EIR.

## 3.3 Cash and cash equivalents

Borrowing cost on financial liabilities are recognised by applying the EIR.

## 3.4 Property, plant and equipment ('PPE')

Property, Plant and Equipment 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 in making the assets ready for intended use.

Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

## 3.5 Intangible assets

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

### Transition to IND AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all assets, recognised as of 1 April 2018 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 3.6 Depreciation and amortization

### 3.6.1 Depreciation

Depreciation on PPE (other than freehold land and properties under construction) is recognised and measured on the depreciable amount ( being cost less residual value) using the straight-line method as per the useful life estimated by the management which are as follows:

| Asset Type | Useful Life |
|---|---|
| Computer | 3 years |
| Office equipment | 5 years |
| Plant and Machinery | 10 years |
| Mobile phones | 5 years |
| Motor Vehicles | 8 years |
| Furnitures & Fixtures | 10 years |
| Electrical Fittings | 10 years |
| Buildings | 30 years |
| Software | 5 years |

Assets costing less than Rs. 5000/- are fully depreciated in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and the effect of any changes in estimate accounted for on a prospective basis. The management has estimated supported by independent assessment by professionals, the useful life of motor vehicles as 8 years which is lower than the prescribed rate under Schedule II to the Act.

### 3.6.2 Amortisation

Amortisation on intangible assets is recognised on a straight line basis over the estimated useful life of the asset.. The estimated useful life and amortisation method are reviewed at the end of each reporting period, for the effect of any changes in estimate being accounted for on prospective basis. Management has estimated the useful life of Software to be the license period or 3 years, whichever is lower.

## 3.7 Impairment of non–financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account if available. If no such transactions can be identified, an appropriate valuation model is used.

### De- Recognition:

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

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

## 3.8 Provisions

Provisions are recognized only when there is a present obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

## 3.9 Contingent liabilities 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 recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

## 3.10 Retirement and other employee benefits

### 3.10.1 Defined contribution plan

Retirement benefits in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective fund. The Company recognises contribution payable to the respective fund as expenditure, when an employee renders the related service.

### 3.10.2 Defined benefit plan

Gratuity liability, which is unfunded, is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Actuarial gains/losses resulting from re-measurement of the liabilities are included in other comprehensive income.

### 3.10.3 Leave salary.

The Group treats accumulated leave expected to be carried forward beyond twelve months as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year.

3.10.4 Short-term employee benefits ,including salaries, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees, are estimated and measured on an undiscounted basis.

## 3.11 Income Taxes

Tax expense comprises Current tax and Deferred tax.

### 3.11.1 Current income tax

Current income tax assets and liabilities, including any adjustments of current tax for prior periods, are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income Tax Act, 1961, using tax rates that have been enacted or substantively enacted by the end of reporting period.
Current tax assets and current tax liabilities are offset if a legally enforceable right exists to set off the recognized amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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.

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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 3.12 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## 3.13 Financial instruments

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

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

### 3.13.1 Financial Assets

#### 3.13.1.1 Initial recognition and measurement

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

#### 3.13.1.2 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.

#### 3.13.1.3 Financial assets measured at amortized cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- 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. After initial measurement such loans are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method less impairment. Amortised cost is calculated by taking into account fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of Profit and Loss.

#### 3.13.1.4 Financial assets carried at fair value through other comprehensive income (FVTOCI)

Financial assets carried at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at fair value, with changes in fair value being carried to other comprehensive income, if both the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

#### 3.13.1.5. Financial assets at fair value through profit or loss (FVTPL)

A financial asset other than those stated as amortized cost/FVTOCI is subsequently fair valued through profit or loss. A gain or loss on a financial instrument 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, theGroup 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.

### 3.13.2 Financial Liabilities

#### 3.13.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments, which are measured at amortised cost.

#### 3.13.2.2 Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### 3.13.2.3 De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### 3.13.3 Reclassification of Financial Assets and Liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

### 3.13.4 Impairment of financial assets

#### 3.13.4.1 Overview of the Expected Credit Loss (ECL) allowance principles

The Group recognises Impairment allowance for expected credit losses (ECL) on Financial Assets held at amortized cost. The Group 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.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes from reasonable and supportable information that is available without undue cost or effort at the reporting date about past events and current conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note no--3.13.4.2

The Group 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.

#### 3.13.4.2 Measurement of ECLs

ECL consists of three key components: Probability of Default (PD), Exposure at Default (EAD) and Loss given default (LGD). ECL is the product of PD, EAD and 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 loan 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 at various stages of the loans. The Company has broadly followed the following approach to compute ECL.

The Advances exposure is broadly classified into 2 pools: MFI loans and individual loans. The EAD is categorised based on respective Past Due status as given below:

##### Stage 1: 12mECL

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.

### Stage 2: LTECL — Significant increase in credit risk

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 Past Due is considered as significant increase in credit risk and classified under this category. For these assets, LTECL are recognized.

### Stage 3: LTECL — 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 LTECL is recognised. Probability of Default is considered at 100% for credit impaired loans. Interest revenue on these loans is recognized on actual realization, in line with prudential norms.

The Group 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.

## 3.14. Recovery of NPA from Business Correspondents

For loans sourced through business correspondants, the Non- performing assets are recovered from them as per contractual terms and recognised as income in the period in which it becomes a NPA

## 3.15. Write-offs

Loans are written off when they are overdue for more than 180 days. Any subsequent recoveries are credited to statement of profit and loss.

## 3.16 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date using valuation techniques. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

-In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## 3.17 Segment information

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

## 3.18 Foreign currency

3.18.1 All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction

3.18.2 Foreign currency monetary items are reported using the exchange rate prevailing at the close of the period.

3.18.3 Exchange differences arising on the settlement of monetary items or on the restatement of Groups's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous Consolidated financial statements, are recognised as income or as expenses in the period in which they arise.

### 3.19 Leases (where the Group is the lessee)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### The Group as a lessee

The Group's lease asset classes primarily consist of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

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

Lease liability and ROU asset have been separately presented in the Balance Sheet.

## Notes to Consolidated financial statements for the year ended March 31, 2021

₹in crores

| | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **4. Particulars** | | |
| Cash in hand | 0.29 | 0.02 |
| Balances with Banks in current accounts | 62.07 | 40.17 |
| Bank deposit with original maturity of less than 3 months | 423.13 | 40.05 |
| **Total** | **485.49** | **80.24** |

### 5. Bank balance other than cash and cash equivalents

| Particulars | 31.03.2021 | 31.03.2021 |
|---|---|---|
| Fixed deposit with bank not considered as cash and cash equivalents | 52.91 | 56.94 |
| **Total** | | 56.94 |

*Balances with banks to the extent held as margin money or security against the borrowings is Rs.43.47 crores (Rs.37.07 Crores on 31st Mar'20). (Refer note 12).

### 6. Loans (excluding securitised assets)

| Particulars | 31.03.2021 Amortised cost | 31.03.2021 Amortised cost |
|---|---|---|
| **(A 1) Term loans (excluding securitised assets):** | | |
| Self help group loans | 2,089.84 | 1,869.12 |
| Joint liability loans | 1.01 | |
| Individual loans | 2.77 | 5.95 |
| **Total - Gross** | 2,093.62 | 1,875.07 |
| Less: Impairment loss allowance | 104.08 | 43.1 |
| **Term Loans - Net** | | |
| (B) (a) Secured by tangible assets | 0.18 | 0.26 |
| (b) Unsecured | 2,093.44 | 1,874.81 |
| **Total - Grosst** | 2,093.62 | 1,875.07 |
| Less: Impairment loss allowance | (104.08) | (43.10) |
| **Total - Net** | 1,989.54 | 1,831.97 |
| **(C 1) Loans in India** | | |
| (a) Public sector | | |
| (b) Others | 2,093.62 | 1,875.07 |
| **Total - Gross** | 2,093.62 | 1,875.07 |
| Less: Impairment loss allowance | (104.08) | (43.10) |
| **Total - Net** | 1,989.54 | 1,831.97 |
| **(C 2) Loans outside India** | - | - |
| Less: Impairment loss allowance | - | - |
| Total - Net | - | - |

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| | Amortised cost | Amortised cost |
| **(A) Term loans:** | | |
| Self help group loans | 15.89 | 98.14 |
| **Total - Gross** | 15.89 | 98.14 |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| (B) (a) Secured by tangible assets | | |
| (b) Unsecured | 15.89 | 98.14 |
| **Total - Gross** | 15.89 | 98.14 |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| **(C) (I) Loans in India** | | |
| (a) Public sector | - | - |
| (b) Others | 15.89 | 98.14 |
| **Total - Gross** | 15.89 | 98.14 |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| **Total - Net** | **13.12** | **94.60** |
| **(C 1) Loans in India** | - | - |
| (a) Public sector | - | - |
| (b) Others | - | - |

## Notes to Consolidated financial statements for the year ended March 31, 2021

### 6(A) Group lending loans - (Self help groups, Joint Liability Group and Securitised assets)

**Gross carrying value of assets as at 31st March 2021**

₹in crores

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard | 1,900.18 | 108.19 | | 2,008.37 |
| Non Performing assets | | | 1,664.42 | 1,664.42 |
| **Total** | **1,900.18** | **108.19** | **98.37** | **98.37** |

**Gross carrying value of assets as at 31st March 2020**

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard | 1,906.55 | 37.04 | | 1,943.59 |
| Non Performing assets | | | 31.64 | 31.64 |
| **Total** | **1,906.55** | **37.04** | **31.64** | **1,975.23** |

**An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Group lending loans:**

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value of assets as at 31st March 2020 | 1,906.55 | 37.04 | 31.64 | 1,975.23 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 211.88 | (10.35) | (5.95) | 3.19 |
| Assets written off during the year | | - | (64.07) | (64.07) |

| | | | | |
|---|---|---|---|---|
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (218.68) | 107.04 | 111.64 | |
| Transfer from Stage 2 | 0.43 | (25.54) | 25.11 | - |
| Transfer from Stage 3 | - | - | - | |
| **Gross carrying value of assets as at 31st March 2021** | **1,900.18** | **108.19** | **98.37** | **2,106.74** |

| **Particulars** | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2020** | 18.96 | 7.36 | 20.23 | 46.55 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 2.17 | (2.10) | (3.26) | |
| Assets written off during the year | - | - | (64.07) | (64.07) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (2.51) | 1.07 | 1.44 | |
| Transfer from Stage 2 | 0.08 | (5.11) | 5.03 | - |
| Transfer from Stage 3 | - | - | - | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 1.33 | 19.07 | 106.80 | 127.20 |
| **ECL allowance as at 31st March 2021** | **20.03** | **20.29** | **66.17** | **106.49** |
| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |

* This includes management overlay of Rs. 8.78 crores.

| | | | | |
|---|---|---|---|---|
| **Gross carrying value of assets as at 1st April 2019** | 1,811.09 | 50.85 | 16.64 | 1,878.59 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 174.63 | (25.38) | (4.56) | 144.69 |
| Assets written off during the year | - | - | (48.04) | (48.04) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (81.19) | 36.37 | 44.82 | |
| Transfer from Stage 2 | 2.02 | (24.80) | 22.78 | - |
| Transfer from Stage 3 | - | - | - | |
| **Gross carrying value of assets as at 31st March 2020** | **1,906.55** | **37.04** | **31.64** | **1,975.24** |

₹ in crores

| | **Stage 1** | **Stage 2** | **Stage 3** | **Total** |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2019** | 8.44 | 8.11 | 10.31 | 26.86 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | 0.81 | (4.05) | (2.82) | (6.06) |
| Assets written off during the year | - | - | (48.05) | (48.05) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.38) | 0.17 | 0.21 | 0.00 |
| Transfer from Stage 2 | 0.33 | (3.96) | 3.63 | - |
| Transfer from Stage 3 | - | - | - | - |

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Impact on ECL on account of movement between stages / updates to the ECL model** | 9.76 | 7.09 | 56.95 | 73.80 |
| ECL allowance as at 31st March 2020 | 18.96 7.36 | 7.09 | 20.23 | 46.55 |

**Notes to Consolidated financial statements for the year ended March 31, 2021l**

**6(B) Group lending loans - (Self help groups, Joint Liability Group and Securitised assets)**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard | 1.68 | 0.39 | | 2.07 |
| Substandard assets | | | 0.71 | 0.71 |
| Doubtful assets | | | | |
| **Total** | **1.68** | **0.39** | **0.71** | **2.78** |

**Gross carrying value of assets as at 31st March 2020**

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Standard | 6.03 | | | 6.03 |
| Substandard assets | | | 0.04 | 0.04 |
| Doubtful assets | | | | |
| **Total** | **6.03** | | **0.04** | **6.07** |

**An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Individual lending loans:**

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value of assets as at 31st March 2020 | 6.03 | | 0.04 | 6.07 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (3.13) | 0.05 | (0.04) | (3.12) |
| Assets written off during the year | | - | (0.17) | (0.17) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (1.23) | 0.40 | 0.83 | |
| Transfer from Stage 2 | 0.01 | (0.06) | 0.05 | - |
| Transfer from Stage 3 | - | - | - | |
| **Gross carrying value of assets as at 31st March 2020** | **1.68** | **0.39** | **0.71** | **2.78** |

₹ in crores

| | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2020** | 0.06 | | 0.02 | 0.08 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (0.01) | (0.00) | (0.02) | (0.03) |
| Assets written off during the year | - | - | (0.17) | (0.17) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.49) | (0.00) | 0.49 | 0.00 |
| Transfer from Stage 2 | 0.00 | (0.04) | 0.04 | - |
| Transfer from Stage 3 | - | - | - | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 0.45 | 0.04 | | 0.49 |

| | | | | |
|---|---|---|---|---|
| Impact on ECL on account of movement between stages / updates to the ECL model | 0.45 | 0.04 | | 0.49 |
| **ECL allowance as at 31st March 2021** | 0.01 | 0.00 | 0.36 | 0.37 |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value of assets as at 31st March 2020 | 9.73 | | 0.47 | 10.20 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (3.08) | | (0.43) | (3.51) |
| Assets written off during the year | | - | (0.62) | (0.62) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.62) | | 0.62 | |
| Transfer from Stage 2 | | | | - |
| Transfer from Stage 3 | - | - | - | |
| **Gross carrying value of assets as at 31st March 2020** | **6.03** | | **0.04** | **6.07** |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2019** | 0.02 | | 0.23 | 0.25 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (0.69) | | (0.21) | (0.90) |
| Assets written off during the year | - | - | (0.62) | (0.62) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.14) | | 0.14 | |
| Transfer from Stage 2 | | | | - |
| Transfer from Stage 3 | - | - | - | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 0.87 | | 0.48 | 1.35 |
| **ECL allowance as at 31st March 2019** | **0.06** | | **0.02** | **0.08** |

## Notes to Consolidated financial statements for the year ended March 31, 2021

₹ in crores

| | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **7. Investments** | | |
| Investments | | |
| A) In India | | |
| (a) Classified as fair value through profit and loss | | |
| -in mutual funds | | 45.02 |
| -in equity instruments | | |
| Investment in Alpha | 0.34 | 0.34 |
| B) Outside India | - | - |
| **Total** | **0.34** | **45.36** |

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Impact on ECL on account of movement between stages / updates to the ECL model | 0.45 | 0.04 | | 0.49 |
| **ECL allowance as at 31st March 2021** | 0.01 | 0.00 | 0.36 | 0.37 |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| Gross carrying value of assets as at 31st March 2020 | 9.73 | | 0.47 | 10.20 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (3.08) | | (0.43) | (3.51) |
| Assets written off during the year | | - | (0.62) | (0.62) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.62) | | 0.62 | |
| Transfer from Stage 2 | | | | - |
| Transfer from Stage 3 | - | - | - | |
| **Gross carrying value of assets as at 31st March 2020** | **6.03** | | **0.04** | **6.07** |

₹ in crores

| Particulars | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **ECL allowance as at 31st March 2019** | 0.02 | | 0.23 | 0.25 |
| New assets originated during the year, netted off for repayments and derecognised portfolio | (0.69) | | (0.21) | (0.90) |
| Assets written off during the year | - | - | (0.62) | (0.62) |
| **Movement between stages** | | | | |
| Transfer from Stage 1 | (0.14) | | 0.14 | |
| Transfer from Stage 2 | | | | - |
| Transfer from Stage 3 | - | - | - | - |
| Impact on ECL on account of movement between stages / updates to the ECL model | 0.87 | | 0.48 | 1.35 |
| **ECL allowance as at 31st March 2019** | **0.06** | | **0.02** | **0.08** |

**Notes to Consolidated financial statements for the year ended March 31, 2021**

₹ in crores

| | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **7. Investments** | | |
| Investments | | |
| A) In India | | |
| (a) Classified as fair value through profit and loss | | |
| -in mutual funds | | 45.02 |
| -in equity instruments | | |
| Investment in Alpha | 0.34 | 0.34 |
| B) Outside India | - | - |
| **Total** | **0.34** | **45.36** |

| 8 | Other non-financial assets | 31.03.2021 | 31.03.2020 |
|---|---|---|---|
| | **Particulars** | | |
| | Retained interest on assets assigned | 14.73 | 8.46 |
| | Security deposits (unsecured, considered good) | 2.05 | 2.12 |
| | Loans and advances to employees (unsecured, considered good) | 0.49 | 0.71 |
| | Others | 4.78 | 1.31 |
| | | **22.05** | **12.60** |

| 10 | Other non-financial assets | 31.03.2021 | 31.03.2020 |
|---|---|---|---|
| | **Particulars** | | |
| | Other advances | | |
| | Unsecured, considered good | 0.37 | 0.76 |
| **Total** | | **0.37** | **0.76** |

## Notes to Consolidated financial statements for the year ended March 31, 2021

### 9 Property, Plant and Equipment, Right of use Assets and Intangible Assets

₹ in crores

| Particulars | Property, plant and equipment | | | | | | | | | Total | Right to use assets | Total | Other intangible assets | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold land | Buildings | Temporary Structures in Rented Premises | Computer | Electrical Equipment | Furniture & Fixtures | Leasehold Improvement | Office equipment | Vehicles | | Buildings | | Computer software* | Total |
| **Cost:** | | | | | | | | | | | | | | |
| At March 31, 2019 | 0.17 | 0.22 | - | 4.85 | 0.06 | 1.23 | 0.09 | 0.78 | 7.40 | 14.80 | 1.74 | **1.74** | 1.42 | **1.42** |
| Additions | - | - | - | 3.44 | 0.23 | 1.96 | 0.22 | 0.66 | 00 | (0.89) | 1.28 | **1.28** | 0.39 | **0.39** |
| Disposals | | | | | | | | | | - | (0.55) | **(0.55)** | - | **-** |
| At March 31, 2020 | **0.17** | **0.22** | **-** | **8.29** | **0.29** | **3.19** | **0.31** | **1.44** | **13.9** | **13.91** | 2.47 | **2.47** | **1.81** | **1.81** |
| Additions | - | - | - | 0.80 | 0.01 | 0.03 | - | 0.63 | 1.45 | 1.47 | - | **-** | 1.32 | **1.32** |
| Disposals | | | | (0.15) | | (0.01) | | (0.02) | (0.16) | (0.18) | (-0.11) | **(-0.11)** | (-0.25) | **(-0.25)** |
| At March 31, 2021 | **0.17** | **0.22** | **-** | **8.94** | **0.30** | **3.21** | **0.31** | **2.05** | **15.2** | **15.20** | **2.36** | **2.36** | **2.88** | **2.88** |
| **Depreciation and Amortisation:** | | | | | | | | | | | | | | |
| At March 31, 2019 | | 0.00 | - | 1.64 | 0.03 | 0.75 | 0.02 | 0.19 | 2.63 | 2.63 | 0.57 | **0.57** | 0.38 | **0.38** |
| Depreciation/Amortisation charge for the year | - | 0.01 | - | 2.25 | 0.09 | 1.11 | 0.04 | 0.27 | 3.77 | 3.77 | 0.79 | **0.79** | 0.54 | **0.54** |
| Disposals | | | | | | | | | | - | (0.55) | **(-0.55)** | - | **-** |
| At March 31, 2020 | **-** | **0.01** | **-** | **3.89** | **0.12** | **1.86** | **0.06** | **0.46** | **6.40** | **6.40** | **0.81** | **0.81** | **0.92** | **0.92** |
| Depreciation/Amortisation charge for the year | - | 0.01 | - | 2.40 | 0.02 | 0.17 | 0.03 | 0.57 | 0.00 | 3.20 | 0.79 | **0.79** | 0.27 | **0.27** |
| Disposals | - | - | - | (0.15) | - | (0.01) | - | (0.02) | -0.18 | (0.18) | (-0.08) | **(0.08)** | (0.25) | **(0.25)** |
| At March 31, 2021 | **-** | **0.02** | **-** | **6.14** | **0.14** | **2.02** | **0.09** | **1.01** | **0.00** | **9.42** | **1.52** | **1.52** | **0.94** | **0.94** |
| **Net book value:** | | | | | | | | | | | | | | |
| At March 31, 2019 | **0.17** | **0.22** | **-** | **3.21** | **0.03** | **0.48** | **0.07** | **0.59** | **4.77** | **12.17** | **1.18** | **1.18** | **1.04** | **1.04** |
| At March 31, 2020 | **0.17** | **0.21** | **-** | **4.40** | **0.17** | **1.33** | **0.25** | **0.98** | **0.00** | **7.51** | **1.66** | **1.66** | **0.89** | **0.89** |
| At March 31, 2021 | **0.17** | **0.20** | **-** | **2.80** | **0.16** | **1.19** | **0.22** | **1.04** | **0.00** | **5.78** | **0.84** | **0.84** | **1.94** | **1.94** |

Note: The land and building is under mortgage as additional security for debentures issued. Refer Note 11 for information about debentures

Company has opted for deemed cost under Ind AS 101 and has netted off accumulated depreciation from cost as at April 01, 2018. The cost and accumulated depreciation as on that date are as below:

| As at April 01, 2018 | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | 0.17 | 0.22 | 1.44 | 6.10 | 0.15 | 1.01 | 0.19 | 1.41 | 11.14 | 11.14 | 0.59 | 0.59 | 2.39 | 2.39 |
| Accumulated depreciation | - | 0.00 | 1.44 | 3.68 | 0.10 | 0.72 | 0.11 | 1.24 | 7.74 | 7.74 | - | - | 2.14 | 2.14 |
| Deemed cost | 0.17 | 0.22 | - | 2.42 | 0.05 | 0.29 | 0.08 | 0.17 | 3.40 | 3.40 | 0.59 | 0.59 | 0.25 | 0.25 |

## 11. Debt securities (at amortised cost)

| Particulars | 31.03.2021 | ₹ in crores<br>31.03.2020 |
|---|---|---|
| Debentures (secured) | 153.84 | 137.30 |
| Debentures (unsecured) | 15.01 | - |
| **Total** | 168.85 | 137.30 |
| | | |
| Debt securities in India | 168.85 | 137.30 |
| Debt securities outside India | | |
| **Total** | 168.85 | 137.30 |

**Nature of security**

The above debentures are secured by the way of first and exclusive charge over eligible book debts of the Company.

**Debentures (secured) (at amortised cost)**

| Terms of debentures | Number of debentures 31.03.2021 | Number of debentures 31.03.2020 | Face value (in Rs) | Amount ₹ in Crores 31.03.2021 | Amount ₹ in Crores 31.03.2020 |
|---|---|---|---|---|---|
| 11.50% Non-Convertible Debentures - Privately placed, Listed Secured by exclusive charge on the loans created out of the proceeds of the debentures. The NCD was redeemed in one bullet payment on 31-July-2020 | - | 400 | 1,000,000 | | 40.76 |
| 14.15% Non-Convertible Debentures - Privately placed, Listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD is redeemable in one bullet payment on 31-July-2020. | | 366 | 1,000,000 | | 0.00 |
| 11.40% Non-Convertible Debentures - Privately placed, Listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD is redeemable in one bullet payment on 05-Dec-2020. | | 330 | 1,000,000 | | 34.34 |
| 11.40% Non-Convertible Debentures - Privately placed, Listed Secured by exclusive charge on loans created out of the proceeds of the debentures and immovable properties. The NCD is redeemable in one bullet payment on 05-Dec-2020. | | 250 | 1,000,000 | | 24.96 |

| | | | | | |
|---|---|---|---|---|---|
| 10.11% Non-convertible Debentures - Privately placed, Listed. Secured by hypothecation of loans granted to Self Help Groups. The maturity date of the Debentures is 30-Jun-2022, with redeemed in four equal installment on 04-Oct-2021, 31-Dec-2021 , 31-Mar-2022 and balance redeemed on 30-Jun-2022 | 250.00 | | 1,000,000 | 25.01 | - |
| 10.50% Non-convertible Debentures - Privately placed , Listed Secured by exclusive charge on loans created out of the proceeds of the debentures. The NCD is redeemable in one bullet payment on 17-Feb-2022 | 500.00 | | 1,000,000 | 53.26 | - |
| 11.00% Non-Convertible Debentures - Privately placed, unlisted Secured by exclusive charge on the loans created out of the proceeds of the debentures and immovable properties. 99.99% of the principal amount of the NCD is redeemable on 13-May-2021 and balance on 13-May-2023 | 360.00 | 360.00 | 1,000,000 | 37.46 | 37.24 |
| 9.80% Non-convertible Debentures - Privately placed, Listed. Secured by hypothecation of loans granted to Self Help Groups. The maturity date of the Debentures is 23-Apr-2024, with 99.99% redeemed on 22-Apr-2022 and balance redeemed on 23-Apr-2024 | 3,750.00 | | 1,000,000 | 38.12 | - |
| **Total** | **4,860** | **1,706** | | **153.85** | **137.30** |

## Debentures (unsecured) at amortised cost

| Terms of debentures | Number of debentures | | Face value (in Rs) | Amount ₹in Crores | |
|---|---|---|---|---|---|
| | 31.03.2021 | 31.03.2020 | | 31.03.2021 | 31.03.2020 |
| 13.00% Non-Convertible Debentures - Privately placed, listed, unSecured .The NCD is redeemable on 16-Aug-2021 | 150.00 | | 1,000,000 | 15.01 | |

## 12 Notes to Consolidated financial statements for the year ended March 31, 2021

### Borrowings other than debt securities (at amortised cost)

₹in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Term loans (secured) | | |
| Banks | 1,141.07 | 950.97 |
| Financials institutions | 344.28 | 315.41 |
| Non-banking financial companies | 271.07 | 151.25 |
| Term loans (unsecured) | | |
| Non banking financial companies | 146.44 | |
| Cash credit (secured) | | |
| Banks | | 0.01 |
| **Total** | **1,902.86** | **1,417.64** |
| Borrowings in India | 1,902.86 | 1,417.64 |
| Borrowings outside India | | |
| **Total** | **1,902.86** | **1,417.64** |

Refer Note 12.1 for tenure, interest rates and repayment schedule All the above secured loans are secured by a charge on the advances granted to Self Help Groups from the proceeds of the loans and by a charge on fixed deposits of Rs 43.47 crores (Refer note 5) wherever sanction terms require it.

## 13 Subordinated liabilities (at amortised cost)

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Debentures | | |
| Non banking financial companies | 50.02 | 50.02 |
| Term loans | | |
| Non banking financial companies | 24.91 | 24.88 |
| **Total** | **74.93** | **74.90** |
| Subordinated liabilities in India | 74.93 | 74.90 |
| Subordinated liabilities outside India | | |
| **Total** | **74.93** | **74.90** |

### Debentures (subordinated liabilities, at amortised cost)

| Terms of debentures | Number of debentures | | Face value (in Rs) | "Amount (₹ in crores)" | |
|---|---|---|---|---|---|
| | March 31, 2021 | March 31, 2020 | | March 31, 2021 | March 31, 2020 |
| 14.25% Subordinated, Unsecured, Non-Convertible Debentures - Privately placed, Listed. The NCDs are redeemable on 29-Mar-2024. | 500 | 500 | 1,000,000 | 50.02 | 50.02 |
| **Total** | | | | **50.02** | **50.02** |

### Terms of repayment of subordinate terms loan as march 31,2021

| Original maturity of loan | Interest rate | Due between 4 to 5 Years | | Due more than 5 years | | Total |
|---|---|---|---|---|---|---|
| | | No. of installments | Amount | No. of installments | Amount | |
| Bullet - Above 3 years. | 13.5%-14% | 1 | 12.50 | 1 | 12.50 | 25.00 |
| **Grand Total** | | **1** | **12.50** | **1** | **12.50** | **25.00** |

Terms of repayment of subordinate terms loan as march 31,2020

| Original maturity of loan | Interest rate | Due between 4 to 5 Years | | Due more than 5 years | | Total |
|---|---|---|---|---|---|---|
| . | | No. of installments | Amount | No. of installments | Amount | |
| Bullet - Above 3 years. | 14%-14.5% | | | 2 | 25.00 | 25.00 |
| **Grand Total** | | **1** | **13** | **3** | **37.50** | **50.00** |

₹ in Crores

| 14. Financial liability towards securitisation | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | | |
| Borrowings under securitisation arrangement | 9.15 | 80.79 |
| **Total** | **9.15** | **80.79** |

₹ in Crores

| 15.Other financial liabilities | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | | |
| Lease liability | 0.98 | 1.79 |
| **Total** | **0.98** | **1.79** |

₹ in Crores

| 16.Provisions | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | | |
| Provision for employee benefits: | | |
| Gratuity | 3.36 | 2.58 |
| Leave encashment and availment | 3.36 | 1.71 |
| **Total** | **5.85** | **2.49** |

₹ in Crores

| 17.Other non-financial liabilities | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Particulars** | | |
| Statutory dues payable | 1.68 | 2.12 |
| Others | 0.06 | 0.06 |
| **Total** | **1.74** | **2.18** |

# Notes

₹ INCRORES

12.1 Terms of repayment of borrowings as on March 31, 2021

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1-2 Years | | Due between 2-3 Years | | Due between 3-4 Years | | Due between 4-5 Years | | Due more than 5 years | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | |
| Monthly | | | | | | | | | | | | | | |
| Below 1 year\ | 6.5%-7% | 2 | 20.00 | | | | | | | | | | | 20.00 |
| | 6%-6.5% | 11 | 9.82 | | | | | | | | | | | 9.82 |
| | 6.5%-7% | | | | | | | | | | | | | |
| | 7%-7.5% | 11 | 9.82 | | | | | | | | | | | 9.82 |
| | 7.5%-8% | | | | | | | | | | | | | |
| | 8%-8.5% | | | | | | | | | | | | | |
| | 8.5%-9% | 63 | 219.59 | 33 | 70.32 | | | | | | | | | 289.91 |
| | 9%-9.5% | 28 | 65.19 | 23 | 54.81 | | | | | | | | | 120.00 |
| 1-3 years | 9.5%-10% | 33 | 23.88 | 24 | 15.49 | 12 | 5.00 | | | | | | | 44.37 |
| | 10%-10.5% | 132 | 237.62 | 69 | 109.11 | | | | | | | | | 346.73 |
| | 10.5%-11% | 74 | 80.77 | 6 | 7.79 | | | | | | | | | 88.55 |
| | 11%-11.5% | 72 | 84.85 | 19 | 30.33 | | | | | | | | | 115.18 |
| | 11.5%-12% | 5 | 52.48 | | | | | | | | | | | 52.48 |
| | 12%-12.5% | | | | | | | | | | | | | |
| | 12.5%-13% | | | | | | | | | | | | | |
| | 6% - 6.5% | | | | | | | | | | | | | |
| | 6.5% - 7% | 6 | 7.33 | | | | | | | | | | | 7.33 |
| | 7% - 7.5% | | | | | | | | | | | | | |
| | 7.5%-8% | | | | | | | | | | | | | |
| | 8% - 8.5% | | | | | | | | | | | | | |
| | 8.5% - 9% | 12 | 10.91 | 3 | 2.57 | | | | | | | | | 13.48 |
| | 9% - 9.5% | 20 | 9.48 | 24 | 12.51 | 18 | 11.08 | 1 | 0.76 | | | | | 33.83 |
| Above 3 years | 9.5% - 10% | 13 | 9.67 | | | | | | | | | | | 9.67 |
| | 10% - 10.5% | 50 | 32.13 | 36 | 25.59 | 4 | 1.11 | | | | | | | 58.83 |
| | 10.5%-11% | 36 | 20.42 | 11 | 9.57 | | | | | | | | | 29.99 |
| | 11% - 11.5% | 21 | 6.88 | | | | | | | | | | | 6.88 |
| | 11.5% - 12% | 24 | 56.52 | 14 | 34.36 | | | | | | | | | 90.88 |
| | 12% - 12.5% | | | | | | | | | | | | | |
| | 12.5% - 13% | 12 | 40.00 | | | | | | | | | | - | 40.00 |
| | 13% - 13.5% | | | | | | | | | | | | | |
| | 13.5% - 14% | | | | | | | | | | | | | |
| | 14% - 14.5% | | | | | | | | | | | | | |

₹ INCRORES

12.2 Terms of repayment of borrowings as on March 31, 2021

| Original maturity of loan | Interest rate | Due within 1 year No. of installments | Due within 1 year Amount in Rupees | Due between 1-2 Years No. of installments | Due between 1-2 Years Amount in Rupees | Due between 2-3 Years No. of installments | Due between 2-3 Years Amount in Rupees | Due between 3-4 Years No. of installments | Due between 3-4 Years Amount in Rupees | Due between 4-5 Years No. of installments | Due between 4-5 Years Amount in Rupees | Due more than 5 years No. of installments | Due more than 5 years Amount in Rupees | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Quarterly | | | | | | | | | | | | | | |
| | 9.5% - 10% | 4 | 12.50 | | | | | | | | | | | 12.50 |
| | 10%-10.5% | 6 | 20.83 | 4 | 8.33 | 4 | 8.32 | | | | | | | 37.49 |
| 1-3 years | 10.5%-11% | 3 | 28.57 | | | | | | | | | | | 28.57 |
| | 11%-11.5% | | | | | | | | | | | | | |
| | 11.5%-12% | 4 | 5.45 | 3 | 4.09 | | | | | | | | | 9.54 |
| Above 3 years | 9% - 9.5% | 4 | 28.00 | 4 | 28.00 | 4 | 28.00 | 4 | 8.00 | 0 | 8.00 | | | 100.00 |
| | 9.5% - 10% | | | | | | | | | | | | | |
| | 10% - 10.5% | | | | | | | | | | | | | |
| | 10.5% - 11% | 1 | 0.83 | | | | | | | | | | | 0.83 |
| | 11% - 11.5% | 253 | 267.34 | 160 | 178.54 | | | | | | | | | |
| | 11.5% - 12% | 11 | 21.50 | 4 | 12.25 | 31 | 30.52 | 3 | 1.50 | 1.50 | | | | 476.4 |
| Half Yearly | | | | | | | | | | | | | | |
| 1-3 years | 6.5% - 7% | 2 | 50.00 | 1 | 24.99 | | | | | | | | | 74.99 |
| | 10% - 10.5% | 2 | 25.00 | | | | | | | | | | | 25.00 |
| 1-3 years | 10.5% - 11% | 6 | 5.60 | 3 | 2.80 | | | | | | | | | 8.40 |
| | 11% - 11.5% | 1 | 0.63 | | | | | | | | | | | 0.63 |
| | 11.5% - 12% | 6 | 25.20 | 6 | 6.90 | 4 | 4.15 | | | | | | | 36.25 |
| Bullet | | | | | | | | | | | | | | |
| | 8.5% - 9% | 2 | 60.00 | | | | | | | | | | | 7.33 |
| 1-3 years | 9% - 9.5% | | | | | | | | | | | | | 60.00 |
| | 9.5% - 10% | 2 | 80.00 | | | | | | | | | | | |
| Above 3 years | 13.5% - 14% | | | | | | | | | | | | | 80.00 |
| **Grand Total** | | **679** | **1,361.47** | **287** | **459.81** | **50** | **60.16** | **8** | **10.26** | **4** | **8.00** | | | **1899.70** |
| **12.2 Monthly** | 6%-6.5% | 12 | 10.72 | 11 | 9.82 | | | | | | | | | 20.54 |
| | 6.5%-7% | 12 | 14.52 | 6 | 7.33 | | | | | | | | | 21.85 |
| | 7%-7.5% | 12 | 10.72 | 11 | 9.82 | | | | | | | | | 20.54 |
| | 7.5%-8% | | | | | | | | | | | | | |
| | 8%-8.5% | | | | | | | | | | | | | |
| | 8.5%-9% | | | | | | | | | | | | | |
| 1-3 years | 9%-9.5% | | | | | | | | | | | | | |
| | 9.5%-10% | 14 | 10.00 | 12 | 10.91 | | | | | | | | | 20.91 |
| | 10%-10.5% | 49 | 60.84 | 28 | 30.20 | 11 | 16.67 | | | | | | | 107.71 |
| | 10.5%-11% | 89 | 64.11 | 20 | 17.07 | | | | | | | | | 81.18 |
| | 11.5%-12% | 44 | 33.68 | 20 | 11.54 | | | | | | | | | 45.22 |
| | 12%-12.5% | 12 | 4.44 | 7 | 2.64 | | | | | | | | | 7.08 |
| | 12.5%-13% | 12 | 40.00 | 12 | 40.00 | | | | | | | | | 80.00 |

₹ INCRORES

12.1 Terms of repayment of borrowings as on March 31, 2021

| Original maturity of loan | Interest rate | Due within 1 year | | Due between 1-2 Years | | Due between 2-3 Years | | Due between 3-4 Years | | Due between 4-5 Years | | Due more than 5 years | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | No. of installments | Amount in Rupees | |
| **Monthly** | | | | | | | | | | | | | | |
| | 10.5%-11% | 29 | 8.06 | 32 | 8.89 | 24 | 6.67 | 4 | 1.11 | | | | | 24.73 |
| Above 3 years | 11%-11.5% | 10 | 1.11 | 12 | 1.33 | 1 | 0.11 | | | | | | | 2.55 |
| **Quarterly** | 10%-10.5% | 4 | 25.00 | 2 | 12.50 | | | | | | | | | 37.50 |
| | 10.5%-11% | 7 | 25.36 | 3 | 9.38 | | | | | | | | | 34.74 |
| 1-3 years | 11%-11.5% | 14 | 77.14 | 2 | 15.71 | | | | | | | | | 92.85 |
| | 11.5%-12% | 12 | 12.79 | 9 | 10.12 | 2 | 2.73 | | | | | | | 25.64 |
| Above 3 years | 11%-11.5% | 4 | 3.33 | 1 | 0.83 | | | | | | | | | 4.16 |
| | 11.5%-12% | 4 | 15.00 | 4 | 15.00 | 4 | 12.25 | 4 | 2.50 | 3 | 1.50 | | | 46.25 |
| **Half Yearly** | | | | | | | | | | | | | | |
| Above 3 years | 10.5%-11% | 2 | 12.00 | 2 | 2.00 | 2 | 2.00 | | | | | | | 16.00 |
| | 11%-11.5% | 4 | 3.60 | 4 | 3.60 | 1 | 0.80 | | | | | | | 8.00 |
| | 11.5%-12% | 8 | 44.75 | 7 | 25.83 | 6 | 6.90 | 4 | 4.15 | | | | | 81.63 |
| **Bullet** | | | | | | | | | | | | | | |
| 1-3 years | 10.5%-11% | 7 | 140.00 | | | | | | | | | | | 140.00 |
| | 11%-11.5% | 1 | 20.00 | | | | | | | | | | | 20.00 |
| | 11.5%-12% | | | | | | | | | | | | | |
| **Grand Total** | | **615** | **904.51** | **365** | **423.06** | **82** | **78.65** | **12** | **7.76** | **3** | **1.50** | | | **1415.48** |

## Notes to Consolidated financial statements for the year ended March 31, 2021

### 18 . Issued capital

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Authorised. | 10.00 | 10.00 |
| 1 crore equity shares (March 2020: 1 crore equity shares) of INR 10 each | | |
| **Total** | **10.00** | **10.00** |
| | **31.03.2021** | **31.03.2020** |
| Issued, subscribed and fully paid up | | |
| 71,94,761 (March 31, 2020: 71,94,761) equity shares of Rs.10 each fully paid | 7.19 | 7.19 |
| **Total** | **7.19** | **7.19** |

### (a) Reconciliation of the shares outstanding at the beginning and at the end of the year

| Equity shares | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| | No. of Shares | "Amount (₹ in crores)" | No. of Shares | "Amount (₹ in crores)" |
| At the beginning of the year | | 7.19 | 7,194,761 | 7.19 |
| Add: Issued during the year | | | | |
| **Outstanding at the end of the year** | **7,194,761** | **7.19** | **7,194,761** | **7.19** |

### (b) Terms/Rights attached to equity shares

"The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. Any dividends proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

In the event of liquidation of Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders."

### (c) Details of shares held by holding company

| Particulars | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| | No. of Shares | "Amount ₹in crores)" | No. of Shares | "Amount (₹ in crores)" |
| Equity shares of INR 10 each | | | | |
| CreditAccess Grameen Limited (Holding Company) | 5,486,216 | 5.49 | 5,473,975 | 5.47 |

### (d) Details of shareholders holding more than 5% shares in the Company

| Particulars | 31.03.2021 | | 31.03.2020 | |
|---|---|---|---|---|
| | No. of Shares | % Holding | No. of Shares | % Holding |
| Equity shares of INR 10 each fully paid | | | | |
| CreditAccess Grameen Limited (Holding Company) | 5,486,216 | 76.25% | 5,473,975 | 76.25% |
| Ms. Tara Thiagarajan | 899,345 | 12.50% | 899,345 | 12.50% |
| Mr. M Narayanan | 397,683 | 5.53% | 397,683 | 5.53% |

## Notes to Consolidated financial statements for the year ended March 31, 2021

### 19. Other equity*

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934) | 62.19 | 62.19 |
| Securities premium | 83.65 | 83.65 |
| Retained earnings | 248.33 | 248.57 |
| **Total** | **394.17** | **394.41** |

For detailed movement of reserves refer statement of changes in equity for the year ended March 31,2021

### Nature and purpose of reserve

### 19.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

### 19.2 Statutory reserve (As required by Sec 45-IC of Reserve Bank of India Act, 1934)

Statutory reserve represents the accumulation of amount transferred from surplus year on year based on the fixed percentage of profit for the year, as per section 45-IC of Reserve Bank of India Act 1934.

### The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal: Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

## 20. Interest income

| Particulars | For the year ended 31.03.2021 On financial assets measured at amortised cost | For the year ended 31.03.2020 On financial assets measured at amortised cost |
|---|---|---|
| Interest on loans | 392.25 | 414.98 |
| Income from securitisation | 12.96 | 27.59 |
| Income from portfolio purchased through assignment | 0.75 | 7.36 |
| Interest on deposits with banks and financial institutions | 6.66 | 5.01 |
| **Total** | **412.62** | **454.94** |

## 21. Fees and commission

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Loan portfolio servicing fees | 0.01 | 0.26 |
| **Total** | **0.01** | **0.26** |

## 22. Net gain / (loss) on fair value changes

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| (A) Net gain / (loss) on fair value instruments at fair value through profit or loss | | |
| (i) On trading portfolio | | |
| - Investments | 2.26 | 2.51 |
| (ii) On financial instruments designated at fair value through profit or loss | | |
| (B) Others | | |
| (i) Gain on derecognition of loans designated at FVTPL | | |
| **Total Net gain / (loss) on fairvalue changes (C)** | **2.26** | **2.51** |
| Fair Value changes: | | |
| - Realised | 2.26 | 2.49 |
| - Unrealised: | | 0.02 |
| **Total Net gain / (loss) on fair value changes (D)** | **2.26** | **2.51** |

## 23. Others

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Gain on de-recognition of loans under assignment (Refer note 3.1.5) | 9.68 | 10.36 |
| Pass-through of bad debts and NPAs to Business Correspondents partners | 3.91 | |
| **Total** | **13.59** | **10.36** |

## 24. Other Income

| Particulars | For the year ended 31.03.2021 On financial assets measured at amortised cost | For the year ended 31.03.2020 On financial assets measured at amortised cost |
|---|---|---|
| Net gain / (loss) on derecognition of property, plant and equipment | 0.01 | |
| Net gain / (loss) on foreign currency transaction and translation (other than considered as finance cost) | | 0.07 |
| Advertisement display income | 2.24 | 4.31 |
| Others | 0.11 | 0.01 |
| **Total** | **2.36** | **4.39** |

## 25. Finance costs

| Particulars | For the year ended 31.03.2021 | For the year ended 31.03.2020 |
|---|---|---|
| (A) On borrowings | | |
| Interest on debt securities | 17.27 | 17.41 |
| Interest on borrowings other than debt securities | 156.05 | 158.07 |
| Interest on subordinated liabilities | 11.11 | 8.49 |
| Other finance costss | 1.32 | 1.36 |
| (A) On borrowings | 185.76 | 185.33 |
| (B) On financial liability towards securitisation | 4.39 | 9.96 |
| (C) On finance lease obligations | 0.17 | 0.20 |
| **Total Finance costs** | **190.32** | **195.50** |

## 26. Impairment of financial instruments

| Particulars | For the year ended 31.03.2021 On financial assets measured at amortised cost | For the year ended 31.03.2020 On financial assets measured at amortised cost |
|---|---|---|
| Group loans | | |
| a) Impairment allowance | 60.09 | 8.64 |
| b) Bad debts | 64.23 | 48.67 |
| Individual loanss | 0.14 | (0.17) |
| **Total** | **124.46** | **57.14** |

## 27. Employee benefit expenses

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Salaries and wages | 70.52 | 58.69 |
| Contribution to provident and other funds | 6.96 | 5.79 |
| Gratuity | 1.05 | 0.77 |
| Leave encashment and availment | 1.03 | 0.57 |
| Staff welfare expenses | 0.83 | 1.59 |
| **Total** | **80.39** | **67.41** |

## 28. Other expenses

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Rental charges payable under operating leases | 4.29 | 3.63 |
| Rates and taxes | 0.17 | 0.27 |
| Insurance | 0.12 | 0.14 |
| Repairs and maintenance | 4.17 | 3.69 |
| Electricity | 0.48 | 0.49 |
| Travelling and conveyance | 8.49 | 8.84 |
| Postage and telecommunication | 2.90 | 2.52 |
| Printing and stationery | 1.42 | 1.95 |
| Professional and consultancy charges | 7.37 | 16.07 |
| Remuneration to Non-executive directors | 0.36 | 0.49 |
| Auditors remuneration (refer Note below) | 0.75 | 0.49 |
| Training expenses | 0.03 | 0.18 |
| Corporate Social Responsibility expenses (refer note below) | 2.12 | 1.32 |
| Miscellaneous expenses | 2.65 | 4.26 |
| **Total** | **35.32** | **44.34** |

### Auditors remuneration

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| As auditor | | |
| Audit fee | 0.43 | 0.30 |
| Limited review | 0.13 | 0.04 |
| Others | 0.10 | 0.13 |
| In other capacity | | - |
| Certification services | 0.09 | 0.01 |
| Taxation matter | - | - |
| Reimbursement of expenses | - | 0.01 |
| **Total** | **35.32** | **44.34** |

### Details of CSR expenditure

| Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| a) Gross amount required to be spent by the Company during the year | 2.12 | 1.72 |
| b) Amount spent during the year (in cash) | - | - |
| i) Construction / acquisition of any asset | 0.97 | 1.32 |
| ii) On purposes other than (i) above | | |
| | 1.15 | - |
| c) Provision for the amount not spent during the year | | |

## 29. Income tax

| A. Particulars | For the year ended 31.03.2021 | 31.03.2020 |
|---|---|---|
| Current tax | | |
| Current year | 13.00 | 30.01 |
| Earlier years | - | (1.74) |
| Deferred tax | (12.27) | (1.53) |
| **Total tax charge** | **0.73** | **26.74** |

## (B) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate

₹ in crores

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|---|---|
| **Profit before tax** | 0.53 | 106.41 |
| At India's statutory income tax rate of 25.17% (FY 2019-20: 25.17%) * | 0.13 | 26.78 |
| (a) Non deductible expenses | | |
| CSR Expenses | 0.53 | 0.34 |
| Interest on delayed payment of tax | 0.15 | 0.00 |
| (b) Change in tax rate | - | 1.44 |
| (c) Additional allowance of certain expenditure | (0.08) | (0.13) |
| (d) Income not subject to tax | 0.00 | 0.04 |
| (e) Tax pertaining to earlier years | - | (1.74) |
| **Income tax expense reported in statement of profit and loss (a)+(b)+(c)+(d) +(e )** | **0.73** | **26.74** |

### Movement in deferred tax balances for the year ended March 31, 2020

| Particulars Deferred tax assets/ (liabilities) | Net balance 01.04.2020 | (Charge) / credit in profit and loss | Recognised in OCI | Net balance 31.03.2021 | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| Impact of difference between tax depreciation / amortisation | 0.56 | 0.09 | | 0.65 | 0.65 | |
| Remeasurement gain / (loss) on defined benefit plan | 1.07 | 0.39 | 0.01 | 1.47 | 1.47 | |
| Impairment allowance for loans | 11.07 | 16.11 | | 27.18 | 27.18 | |
| Interest on securitisation loans | 11.07 | 0.31 | | (0.81) | | (0.81) |
| Retained interest on assets assigned | (2.28) | (4.44) | | (6.72) | | (6.72) |
| Other items | 2.94 | (0.19) | | 2.76 | 2.76 | |
| **Net Deferred tax assets / (liabilities)** | **12.24** | **12.27** | **0.01** | **24.53** | **32.06** | **(7.53)** |

**Movement in deferred tax balances for the year ended March 31, 2020**

| Particulars Deferred tax assets/ (liabilities) | Net balance 01.04.2020 | (Charge) / credit in profit and loss | Recognised in OCI | Net balance 31.03.2021 | Deferred tax asset | Deferred tax liability |
|---|---|---|---|---|---|---|
| Impact of difference between tax depreciation / amortisation | 0.39 | 0.17 | | 0.56 | 0.56 | |
| Remeasurement gain / (loss) on defined benefit plan | 0.88 | 0.12 | 0.07 | 1.07 | 1.07 | |
| Impairment allowance for loans | 10.39 | 0.68 | | 11.07 | 11.07 | |
| Interest on securitisation loans | (1.04) | (0.08) | | (1.12) | | (1.12) |
| Retained interest on assets assigned | (1.66) | (0.62) | | (2.28) | | (2.28) |
| Other items | 1.68 | 1.26 | | 2.94 | 2.94 | |
| **Net Deferred tax assets / (liabilities)** | **10.64** | **1.53** | **0.07** | **12.24** | **15.64** | **(3.40)** |

(D). The following tables provides the details of income tax assets as at:

**Current tax assets (net)**

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Income tax assets | 2.36 | 4.69 |
| Income tax liabilities | 0.99 | 0.17 |
| **Total** | **1.37** | **4.52** |

(30) Transfer of financial assets

**Transferred financial assets that are not derecognised in their entirety**

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for de-recognition, together with the associated liabilities:

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| **Securitisations** | | |
| Carrying amount of transferred assets measured at amortised cost | 15.89 | 98.14 |
| Less: Impairment loss allowance | (2.77) | (3.54) |
| | 13.12 | 94.60 |
| Carrying amount of associated liabilities (debt securities - measured at amortised cost) | 9.15 | 80.79 |
| **Net position at amortised cost** | **3.97** | **13.81** |

## 31(A) Defined benefit plans

₹ IN CRORES

### Gratuity

### 31(A)(1) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation** | | |
| Obligation at the beginning of the year | 2.58 | 1.74 |
| Current service cost | 0.92 | 0.65 |
| Interest cost | 0.13 | 0.12 |
| Past service cost | - | - |
| Benefits settled | -0.32 | -0.22 |
| Actuarial (gains)/ losses recognised in other comprehensive income | - | - |
| - Changes in experience adjustments | 0.04 | 0.12 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.01 | 0.16 |
| **Obligation at the end of the year** | **3.36** | **2.58** |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | - | - |
| Interest income on plan assets | - | - |
| Re-measurement- actuarial gain | - | - |
| Return on plan assets recognised in other comprehensive income | - | - |
| Contributions | - | - |
| Benefits settled | - | - |
| **Plan assets at the end of the year, at fair value** | - | - |
| **Net defined benefit liability** | **3.36** | **2.58** |

### 31(A)(2) Expense recognised in profit and loss

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost | 0.92 | 0.65 |
| Interest cost | 0.13 | 0.12 |
| Past service cost | - | - |
| Interest income | - | - |
| **Net gratuity cost** | **1.05** | **0.77** |

### 31(A)(3) Re-measurement recognised in other comprehensive income

| Particulars | March 31, 2021 | March 31,2020 |
|---|---|---|
| **Re-measurement of the net defined benefit liability** | | |
| - Changes in experience adjustments | 0.04 | 0.12 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.01 | 0.16 |
| **Re-measurement of the net defined benefit asset** | | |
| Return on plan assets (greater)/ less than discount rate | | |
| **Total Actuarial (gain)/ loss included in OCI** | **0.05** | **0.29** |

### 31(A)(4) Plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Funds managed by insurer | - | - |

₹ IN LAKHS

### 31(A)5 Defined benefit obligation - Actuarial assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.85% | 4.90% |
| Future salary growth | 10.00% | 10.00% |
| Attrition rate | 30.00% | 30.00% |
| Normal retirement age | 60 years | 60 years |

### 31(A)6 Sensitivity analysis

₹ in crores

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Particulars | March 31, 202 | | March 31, 2020 | |
|---|---|---|---|---|
| Present Value of Obligation (Base) | 3.36 | | 2.55 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 3.23 | 3.50 | 2.48 | 2.69 |
| Future salary growth (1% movement) | 3.49 | 3.23 | 2.68 | 2.49 |
| Attrition Rate (- / + 50% of attrition rates) | 2.72 | 4.75 | 2.12 | 3.60 |
| Mortality Rate (- / + 10% of mortality rates) | 3.36 | 3.36 | 2.58 | 2.58 |

## 31(B) Compensated leave absence

### 31(B)(1) Reconciliation of net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability/assets and its components:

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Reconciliation of present value of defined benefit obligation** | | |
| Obligation at the beginning of the year | 1.71 | 1.33 |
| Current service cost | 1.08 | 0.69 |
| Interest cost | 0.08 | 0.09 |
| Past service cost | - | - |
| Benefits settled | -0.25 | -0.19 |
| Actuarial (gains)/ losses recognised in other comprehensive income | - | - |
| - Changes in experience adjustments | -0.13 | -0.30 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.00 | 0.09 |
| **Obligation at the end of the year** | **2.49** | **1.71** |
| | | |
| **Reconciliation of present value of plan assets** | | |
| Plan assets at the beginning of the year, at fair value | - | - |
| Interest income on plan assets | - | - |
| Re-measurement- actuarial gain | - | - |
| Return on plan assets recognised in other comprehensive income | - | - |
| Contributions | - | - |
| Benefits settled | - | - |
| **Plan assets at the end of the year, at fair value** | - | - |
| **Net defined benefit liability** | **2.49** | **1.71** |

₹ IN LAKHS

## 31(B)(2) Expense recognised in profit or loss

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current service cost | 1.08 | 0.69 |
| Interest cost | 0.08 | 0.09 |
| Past service cost | - | - |
| Interest income | - | - |
| **Re-measurement of the net defined benefit liability** | - | - |
| - Changes in experience adjustments | -0.13 | -0.30 |
| - Changes in demographic assumptions | - | 0.00 |
| - Changes in financial assumptions | 0.00 | 0.09 |
| **Re-measurement of the net defined benefit asset** | - | - |
| Return on plan assets (greater)/ less than discount rate | - | - |
| **Expense recognised in profit or loss** | **1.03** | **0.57** |

## 31(B)(3) Plan assets

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Funds managed by insurer | - | - |

## 31(B)(4) Defined benefit obligation - Actuarial assumptions

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Discount rate | 4.85% | 4.90% |
| Future salary growth | 10.00% | 10.00% |
| Attrition rate | 30.00% | 30.00% |
| Normal retirement age | 60 years | 60 years |

## 31(B)(5) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| Pariculars | March 3,1 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| Present Value of Obligation (Base) | 2.49 | | 1.71 | |
| | Increase | Decrease | Increase | Decrease |
| Discount Rate (- / + 1%) | 2.41 | 2.57 | 1.65 | 1.76 |
| Salary Growth Rate (- / + 1%) | 2.57 | 2.41 | 1.76 | 1.65 |
| Attrition Rate (- / + 50% of attrition rates) | 2.28 | 3.10 | 1.56 | 2.12 |
| Mortality Rate (- / + 10% of mortality rates) | 2.49 | 2.49 | 1.71 | 1.71 |

## 32(A)Maturity analysis of assets and liabilities as at March 31, 2021

₹ in crores

| Sl .No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | **ASSETS** | | | |
| **(1)** | **Financial assets** | | | |
| (a) | Cash and cash equivalents | 485.49 | - | **485.49** |
| (b) | Bank balance other than cash and cash equivalents | 35.15 | 17.76 | **-** |
| (c) | Other receivables | | - | **-** |
| (d) | Loans | | | |
| | - Loan portfolio (excluding securitised assets) | 1,331.90 | 657.64 | **1,989.54** |
| | - Securitised assets | 12.29 | 0.83 | **13.12** |
| (e) | Investments | - | 0.34 | **0.34** |
| (f) | Other financial assets | 21.15 | 0.90 | **22.05** |
| | | | | **-** |
| **(2)** | **Non-financial assets** | | | **-** |
| (a) | Current tax assets (net) | - | 1.37 | **1.37** |
| (b) | Deferred tax assets (net) | - | 24.52 | **24.52** |
| (c) | Property, plant and equipment | - | 5.78 | **5.78** |
| (d) | Right to use assets | - | 0.84 | **0.84** |
| (e) | Intangible assets | - | 1.94 | **1.94** |
| (f) | Other non-financial assets | 0.37 | - | **0.37** |
| | **Total assets** | 1,886.36 | 711.92 | **2,545.36** |
| | **LIABILITIES AND EQUITY** | | | |
| **(1)** | **Financial liabilities** | | | |
| (a) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | | | |
| | (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 24.83 | - | **24.83** |
| | (II) 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 | 7.73 | | **7.73** |
| (b) | Borrowings | | | |
| | - Debt securities | 125.12 | 43.73 | **168.85** |
| | - Borrowings (other than debt securities) | 1,365.40 | 537.46 | **1,902.86** |
| | - Subordinated liabilities | 0.02 | 74.91 | **74.93** |
| | - Financial liability towards securitisation | 9.15 | - | **9.15** |
| (c) | Other financial liabilities | 0.84 | 0.14 | **0.98** |
| **(2)** | **Non-financial liabilities** | | | |
| (a) | Provisions | 1.52 | 4.33 | **5.85** |
| (b) | Other non-financial liabilities | 1.68 | 0.06 | **1.74** |
| **(3)** | **Equity** | | | |
| (a) | Equity share capital | - | 7.19 | **7.19** |
| (b) | Other equity | - | 394.17 | **394.17** |
| | **Total liabilities and equity** | 1,536.29 | 1,061.99 | **2,598.28** |

## 32(B) Maturity analysis of assets and liabilities as at March 31, 2020

₹ in crores

| Sl. No. | Particulars | Within 12 months | After 12 months | Total |
|---|---|---|---|---|
| | **ASSETS** | | | |
| **(1)** | **Financial assets** | | | |
| (a) | Cash and cash equivalents | 80.24 | - | **80.24** |
| (b) | Bank balance other than cash and cash equivalents | 28.32 | 28.62 | **56.94** |
| (c) | Other receivables | - | - | **-** |
| (d) | Loans | | | |
| | - Loan portfolio (excluding securitised assets) | 1,129.15 | 702.82 | **1,831.97** |
| | - Securitised assets | 84.67 | 9.93 | **94.60** |
| (e) | Investments | 45.02 | 0.34 | **45.36** |
| (f) | Other financial assets | 11.86 | 0.74 | **12.60** |
| **(2)** | **Non-financial assets** | | | |
| (a) | Current tax assets (net) | | 4.52 | **4.52** |
| (b) | Deferred tax assets (net) | | 12.24 | **12.24** |
| (c) | Property, plant and equipment | | 7.5 | **7.5** |
| (d) | Right to use assets | 0.04 | 1.62 | **1.66** |
| (e) | Intangible assets | | 0.89 | **0.89** |
| (f) | Other non-financial assets | 0.76 | - | **0.76** |
| | **Total assets** | 1,380.06 | 769.24 | **2,149.30** |
| | **LIABILITIES AND EQUITY** | | | |
| **(1)** | **Financial liabilities** | | | |
| (a) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) Total outstanding dues of micro enterprises and small enterprises | | - | |
| | (ii)Total outstanding dues of creditors other than micro enterprises and small enterprises | 22.32 | | **22.32** |
| | (II) 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 | 6.48 | - | **6.48** |
| (b) | Borrowings | | | |
| | - Debt securities | 101.59 | 35.71 | **137.30** |
| | - Borrowings (other than debt securities) | 907.90 | 509.74 | **1,417.64** |
| | - Subordinated liabilities | 0.01 | 74.89 | **74.90** |
| | - Financial liability towards securitisation | 75.48 | 5.31 | **80.79** |
| (c) | Other financial liabilities | 0.86 | 0.93 | **1.79** |
| **(2)** | **Non-financial liabilities** | | | |
| (a) | Provisions | 1.21 | 3.08 | **4.29** |
| (b) | Other non-financial liabilities | 1.49 | 0.69 | **2.18** |
| **(3)** | **Equity** | | | |
| (a) | Equity share capital | | 7.19 | **7.19** |
| (b) | Other equity | | 394.41 | **394.41** |
| | **Total liabilities and equity** | 1,117.34 | 1,031.95 | **2,149.29** |

All advances that have become NPA as at 31st March 2021 are classified as non-current in accordance with Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

## 33 Contingent liabilities

Contingent liabilities not provided for in respect of the below:

33(a) Claims against the company not acknowledged as debt

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Demand under Employee Provident Fund Act, 1952 | 0.25 | 0.25 |

33(b) Guarantees excluding financial guarantees

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Indemnity undertaking given to Bajaj Allianz Life Insurance Company Limited for insurance claims | - | 0.20 |

## 34 Leases

34.1 The company's leased assets mainly comprise office building. Leases contain a wide range of different terms and conditions. The term of property leases ranges from 1-10 years. The company has used an incremental borrowing rate of 11.84% to determine the lease liability and right to use of asset for leases in 2019-20. There are no lease arrangements entered during the year.

### 34.2 Total lease liabilities are analysed as at

₹ in crores

| a Denominated in the following currencies | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Rupees | 0.98 | 1.79 |
| Foreign currency | - | - |
| **Total** | **0.98** | **1.79** |

₹ in crores

| b Maturity of Lease liability | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Current | 0.84 | 0.79 |
| Non-current | 0.14 | 1.00 |
| **Total** | **0.98** | **1.79** |

### 34.3 The following amounts were recognised as expense in the year:

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Depreciation of right-of-use assets | 0.79 | 0.80 |
| Expense relating to variable lease payments | - | - |
| Expense relating to short-term leases and low-value assets | 4.29 | 3.63 |
| Interest on lease liabilities | 0.17 | 0.21 |
| **Total recognised in the income statement** | **5.25** | **4.64** |

34.4 The following are the undiscounted contractual cash flows of lease liabilities. The payment profile has been based on management's forecasts and could in reality be different from expectations:

₹ in crores

| Maturity analysis: | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Less than 1 year | 0.86 | 4.66 |
| Between 1 and 2 years | 0.19 | 1.07 |
| Between 2 and 5 years | | - |
| More than 5 years | - | - |
| **Total** | **1.05** | **5.73** |

34.5 The following is the movement in lease liabilities during the year ended March 31, 2021.

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Balance as at April 1, 2020 | 1.79 | 1.20 |
| Additions during the period | - | 1.30 |
| Finance cost incurred during the period | 0.17 | 0.20 |
| Terminatiion of lease during the period | (0.05) | - |
| Payment of lease liabilities | (0.93) | (0.91) |
| **Balance as of March 31, 2021** | **0.98** | **1.79** |

## 35 Related party transactions

### Names of the related parties (as per IndAS – 24)

| | |
|---|---|
| Ultimate controlling party | CreditAccess India NV |
| Holding Company | Credit Access Grameen Limited |
| Company under common control | Scisphere Analytics India Private Limited |
| Company under common control | Scimergent Analytics and Education Private Ltd |
| Whole time Director (Till Mar 31, 2021)<br>Non-Executive Director (From Apr 1, 2021) | Mr. F. S. Mohan Eddy |
| Independent Director | Mr. N. C. Sarabeswaran |
| Independent Director & Chairman | Mr. George Joseph |
| Non-Executive Director | Mr. Paolo Brichetti |
| Non-Executive Director | Mr. Ram Diwakar Boddupalli |
| Independent Director | Mr. Manoj Kumar |
| Non-Executive Director | Mr. Udaya Kumar Hebbar |
| Non-Executive Director (Till Mar 18, 2020) | Mr. Ashok Mirza |
| Non-Executive Director (Till Mar 18, 2020) | Mr. R Ramaraj |
| Independent Director (Till Mar 18, 2020) | Ms. Siva Kameswari Vissa |
| Independent Director (Till Mar 18, 2020) | Mrs. Kavitha Vijay |
| Company secretary- Key Management Personnel (Till May 30 , 2020) | Mr. Sanin Panicker |
| Company secretary- Key Management Personnel (From Feb 22, 2021) | Mr. Ganesh Hegde |
| CFO-Key Management Personnel (Till Jan 30, 2021) | Mr. V. Balakrishnan |
| Managing Director-Key Management Personnel (till Feb 21,2021)<br>Non-Executive Director (From Feb 22,2021) | Ms. Tara Thiagarajan |
| CEO- Key Management Personnel (Till Feb 20, 2021)<br>CEO & CFO-Key Management Personnel (From Feb 21,2021) | Mr. M. Narayanan |
| Relative of Key Management Personnel | Mrs. Pamela Mohan |

| Particulars | Key Management Personnel | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Transactions during the year** | | |
| **Salary and perquisites -** | | |
| Ms Tara Thiagarajan | 0.66 | 1.05 |
| Mr F S Mohan Eddy | 0.79 | 1.25 |
| Mr M Narayanan | 0.86 | 1.00 |
| Mr. V. Balakrishnan | 0.63 | 0.57 |
| Mr. Sanin Panicker | 0.01 | 0.08 |
| Mr. Ganesh Hegde | 0.01 | - |
| **Balances at the end of the year** | | |
| Gratuity & earned leave payable - Mr M Narayanan * | 0.24 | |
| Incentives payable | - | 1.33 |

* Provisions for gratuity and leave benefits are made for the Company as a whole and the amounts pertaining to the key management personnel are not specifically identified for March 31, 2020 and hence are not included for the said year.

| Transactions during the year | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Sitting fees** | | |
| Mr. Ashok Mirza | - | 0.05 |
| Mr. George Joseph | 0.08 | - |
| Mr. Manoj Kumar | 0.06 | - |
| Mrs. Kavitha Vijay | - | 0.10 |
| Mr. N C Sarabeswaran | 0.06 | 0.11 |
| Mr. R Ramaraj | - | 0.10 |
| Mrs. Siva Kameswari Vissa | - | 0.10 |
| **Rent Paid** | - | - |
| Mrs. Pamela Mohan | 0.18 | 0.18 |

| Transactions during the year | Company under common control | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Professional charges** | | |
| Scisphere Analytics India Private Limited | 2.98 | 2.01 |

| Particulars | Holding company | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Transactions during the year** | | |
| Purchase of intangibles | 0.41 | |
| Siiting fees paid for nominee directors | 0.13 | |
| Provision for expenses (Provided based on estimate awaiting invoice for cost sharing of manpower, IT infrastructure and IT maintenance) | 0.64 | |
| **Balance at the end of year** | | |
| Amount due to holding company | 0.48 | |

| Balances at the end of the year | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| **Sitting fees payable** | | |
| Mr. Ashok Mirza | | 0.03 |
| Mrs. Kavitha Vijay | | 0.04 |
| Mr. N C Sarabeswaran | | 0.06 |
| Mr. R Ramaraj | | 0.05 |
| Mrs. Siva Kameswari Vissa | | 0.05 |

## 36 Revenue from contracts with customers

| | Particulars | For the year ended | |
|---|---|---|---|
| | | March 31, 2021 | March 31, 2020 |
| (A) | **Type of services** | | |
| | Service fees for management of assigned | 0.01 | 0.26 |
| | portfolio of loans Advertisement display income | 2.24 | 4.31 |
| | **Total** | 2.25 | 4.56 |

## (B) Geographical markets

| Particulars | For the year ended March 31, 2021 | March 31, 2020 |
|---|---|---|
| India | 2.25 | 4.56 |
| Outside India | - | - |
| **Total** | **2.25** | **4.56** |

## (B) Timing of revenue recognition

| Particulars | For the year ended March 31, 2021 | March 31, 2020 |
|---|---|---|
| Services transferred at a point in time | 2.25 | 4.56 |
| Services transferred over time | | |
| **Total** | **2.25** | **4.56** |

## 37 Disclosures pursuant to the Master Direction- Non-Banking Financial Company-Systematically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 as amended from time to time ('the Master Directions') issued by the RBI

### a. Capital to risk assets ratio ('CRAR'):

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| CRAR (%) | 20.89% | 23.01% |
| CRAR-Tier I Capital (%) | 17.74% | 19.53% |
| CRAR-Tier II Capital (%) | 3.15% | 3.48% |
| Amount of subordinated debt raised as Tier II capital | | 45.03 |
| Amount raised by issue of perpetual debt instruments | Nil | Nil |

Note:
Impairment allowance on Stage 1 loans has been considered as 'contingent provision for standard asset' for the purpose of determining Tier II capital;

### b. Investments

₹ in crores

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **1. Value of Investments** | | |
| (i) Gross value of investments | | |
| (a) in India | 0.34 | 45.36 |
| (b) outside India | - | - |
| (ii) Provisions for depreciation | | |
| (a) in India | - | - |
| (b) outside India | - | - |
| (iii) Net value of investments | | |
| (a) in India | 0.34 | 45.36 |
| (b) outside India | - | - |
| **2. Movement of provision held towards depreciation** | | |
| (i) Opening balance | - | - |
| (ii) Add : Provisions made during the year | - | - |
| (iii) Less: Write-off / write-back of excess provision | - | - |
| (iv) Closing balance | - | - |

### c. Derivatives

The Company has no transactions / exposure in derivatives in the current and previous year. The Company has no unhedged foreign currency exposure as on March 31, 2021 (March 31, 2020: Nil).

### d. Disclosure related to securitization

During the year the Company has transferred loans through securitization.

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| No of SPVs sponsored by the NBFC for securitization transactions | 2 | 8 |
| Amount of securitized assets as per books of SPV sponsored by NBFC | 15.77 | 98.51 |
| Amount of exposures retained by NBFC to comply with MRR as on the date of balance sheet | | |
| a. Off-balance sheet exposure | | |
| · First loss | Nill | Nill |
| · Others | Nill | Nill |
| b. On-balance sheet exposure | | |
| · First loss – cash collateral | 3.48 | 16.00 |
| · Others | 6.30 | 28.40 |
| Amount of exposures other than MRR | Nill | Nill |
| a. Off-balance sheet exposure | | |
| i. Exposure to own securitizations | | |
| · First loss | Nill | Nill |
| · Loss | Nill | Nill |
| ii. Exposure to third party transactions | | |
| · First loss | Nill | Nill |
| · Others | Nill | Nill |
| b. On-balance sheet exposure | | |
| i. Exposure to own securitizations | | |
| · Others | Nill | Nill |
| ii. Exposure to third party transactions | | |
| · First loss | Nill | Nill |
| · Others | Nill | Nill |

### e. Details of financial assets sold to securitization / reconstruction company for asset reconstruction:

The Company has not sold any financial asset to securitization / reconstruction company for asset reconstruction in the current and previous year.

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| Number of loans assigned | 75,413 | 170,456 |
| Aggregate value (net of provisions) of accounts sold | 125.53 | 247.31 |
| Aggregate consideration | 125.53 | 247.31 |
| Income recognised in Statement of Profit or Loss. | 9.68 | 38.43 |

Note: The above are securitisation and assignment transactions during the year.

### g. Details of non-performing financial asset purchased / sold:

The Company has not purchased / sold any non-performing financial assets in the current and previous year.

### f. Details of securitisation and assignment transactions:

"The Company has undertaken no securitisation and one assignment transaction during the current year (March 31, 2020: four assignment transactions and four securitisation transactions)."

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| CRAR (%) | 20.89% | 23.01% |
| CRAR-Tier I Capital (%) | 17.74% | 19.53% |
| CRAR-Tier II Capital (%) | 3.15% | 3.48% |
| Amount of subordinated debt raised as Tier II capital | 45.03 | 55.00 |
| Amount raised by issue of perpetual debt instruments | Nil | Nil |

Note:
Impairment allowance on Stage 1 loans has been considered as ‘contingent provision for standard asset’ for the purpose of determining Tier II capital;

## h. Asset liability management:

Maturity pattern of assets and liabilities as on March 31, 2021:

₹ in crores

| Particulars | 1 to 7 days | 8 to 14 days | Over 14 days to one month | Over one month to 2 months | Over 2 months to 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Borrowings | 22.06 | 41.36 | 75.72 | 124.64 | 101.50 | 395.11 | 739.30 | 612.89 | 30.71 | 12.50 | **2,155.80** |
| Advances | 40.46 | 60.22 | 50.73 | 145.69 | 123.13 | 342.99 | 580.97 | 625.91 | 32.57 | - | **2.002.66** |
| Investments | - | - | - | - | - | - | - | - | - | 0.34 | **0.34** |
| Foreign currency assets | | | | | | | | - | - | - | **-** |
| Foreign currency liabilities | | | | | | | | - | - | - | **-** |

Maturity pattern of assets and liabilities as on March 31, 2020:

₹ in crores

| Particulars | 1 to 7 days | 8 to 14 days | Over 14 days to one month | Over one month to 2 months | Over 2 months to 3 months | Over 3 Months upto 6 months | Over 6 Months upto 1 year | Over 1 year upto 3 years | Over 3 years upto 5 years | Over 5 years | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Borrowings | 5.46 | 9.50 | 42.17 | 34.58 | 120.65 | 337.15 | 535.48 | 541.48 | 59.20 | 24.97 | **1,710.63** |
| Advances | | | - | - | 146.41 | 409.19 | 658.22 | 712.70 | 0.06 | - | **1,926.58** |
| Investments | 45.02 | - | - | - | - | - | - | - | - | 0.34 | **45.36** |
| Foreign currency assets | - | - | - | - | - | - | - | - | - | - | **-** |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - | - | **-** |

The above maturity pattern of assets and liabilities as on March 31, has been prepared with reference to the carrying values of assets and liabilities.

All advances that have become NPA as at 31st March 2021 are classified under 3-5 years bucket in accordance with Reserve Bank of India Master Direction DNBR. PD. 008/03.10.119/2016-17

## i. Exposures:

### Exposure to Real estate

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **A. Direct exposure** | | |
| (i) Residential Mortgages - | 0.18 | 0.26 |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (All loans are under Rs XX) | | |
| (ii) Commercial Real Estate - | Nil | Nil |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels land acquisition, development and construction, etc.). | | |
| Exposure would also include non-fund based (NFB) limits; | Nil | Nil |
| (iii) Investments in Mortgage Backed Securities (MBS) | | |
| and other securitised exposures- | Nil | Nil |
| a. Residential | Nil | Nil |
| b. Commercial Real Estate. | Nil | Nil |
| **B. Indirect Exposure** | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |
| Total Exposure to Real Estate Sector | 0.18 | 0.26 |

### Exposure to Capital Market

The Company does not have any exposure to Capital Market

### Details of financing of parent company products

The Company has not financed any parent company products

### Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by applicable NBFC

The Company has not exceeded the prudential exposure limits during the year w.r.t Single Borrower Limit / Group Borrower Limit

## j. Unsecured advances: Refer Note 6.

## k. 'Registration obtained from other financial regulators:

The Company is registered with financial sector regulators / self regulatory organisations as below.

| | |
|---|---|
| a) Ministry of Corporate Affairs | CIN No.U65929TN2005PLC057390 |
| b) Reserve Bank of India | N-07.00754 |
| c) Microfinance Institutional Network | 20 |

## l. Disclosure of penalties imposed by RBI and other regulators:

No penalties were imposed by RBI and other regulators during current and previous year.

## m. Ratings assigned by credit rating agencies and migration of ratings:

| Particulars | Name of rating agency | Date of rating | Rating / (Previous year rating) | Borrowing limit / conditions imposed by rating agency (₹ in crores) | Valid up to |
|---|---|---|---|---|---|
| 10.11% Non-Convertible Debentures | ICRA Ltd | 31-12-2020 | A- placed on watch with positiveimplication | 25.00 | 30-06-2022 |
| 9.80% Non-Convertible Debentures | ICRA Ltd | 23-12-2020 | A- placed on watch with positive implication | 37.50 | 23-04-2024 |
| 11.00% Non-Convertible Debentures | CARE | 29-10-2019 | BBB+ (Under Credit watch with Positive Implications) | 36.00 | 29-05-2023 |
| 10.50% Non-Convertible Debentures | ICRA Ltd | 17-08-2020 | A- placed on watch with positive implication | 50.00 | 17-02-2022 |
| 13.00% Non-Convertible Debentures | ICRA Ltd | 13-08-2020 | A- placed on watch with positive implication | 15.00 | 16-08-2021 |
| 14.25% Subordinated, Unsecured, Non-Convertible Debentures | ICRA Ltd | 30-03-2017 | A- placed on watch with positive implication | 50.00 | 29-03-2024 |
| Long-term loan from banks | ICRA Ltd | 18-12-2020 | A- placed on watch with positive implication | 1,206.19 | 30-11-2021 |
| Long term – Unallocated | ICRA Ltd | 18-12-2020 | A- placed on watch with positive implication | 93.81 | 30-11-2021 |

## n. Provisions and contingencies (shown under the head expenditure in statement of profit and loss):

| Balances at the end of the year | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Impairment of financial instruments | 60.23 | 8.09 |
| Provision for income tax | 13.00 | 30.01 |
| Provision for gratuity | 1.05 | 0.77 |
| Provision for leave encashment and availment | 1.03 | 0.57 |
| **Total** | **75.31** | **39.44** |

## o. Drawdown from reserves:

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil).

## p. Concentration of advances, exposures and NPAs

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **Concentration of advances** | | |
| Total advances to twenty largest borrowers | 2.07 | 1.82 |
| (%) of advances to twenty largest borrowers to total advances | 0.10% | 0.09% |
| Concentration of exposures | | |
| Total exposure to twenty largest borrowers / customers | 2.07 | 1.82 |
| (%) of exposures to twenty largest borrowers / customers to total exposure | 0.10% | 0.09% |
| **Concentration of NPAs** | | |
| Total Exposure to top four NPA accounts | 0.21 | 0.17 |

**p. Sector-wise NPAs**

| Particulars | Percentage of NPAs to Total Advances in that sector as at March 31, 2021 | Percentage of NPAs to Total Advances in that sector as at March 31, 2020 |
|---|---|---|
| Agriculture and allied activities | 3.61% | 1.07% |
| MSME | 0.66% | 0.52% |
| Corporate borrowers | 0.00% | 0.00% |
| Services | 0.39% | 0.00% |
| Others | | |
| Unsecured personal loans | 0.00% | 0.00% |
| Auto loans | NA | NA |
| Other personal loans | 0.03% | NA |

**q. Movement of NPAs**

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| **(i) Net NPAs to Net Advances (%)** | **1.63%** | **0.59%** |
| **(ii) Movement of NPAs (Gross):** | | |
| Opening balance | 31.69 | 17.11 |
| Additions during the year | 131.62 | 86.23 |
| Reductions during the year | (64.24) | 71.65 |
| Closing balance | **99.07** | **31.69** |
| **(iii) Movement of Net NPAs** | | |
| Opening balance | 11.43 | 6.57 |
| Additions during the year | 85.36 | 76.51 |
| Reductions during the year | (64.24) | 71.65 |
| Closing balance | **32.55** | **11.43** |
| **(iv) Movement of provisions for NPAs** | | |
| Opening balance | 20.25 | 10.54 |
| Provisions made during the year | 46.27 | 9.71 |
| Write-off / write-back of excess provisions | - | - |
| Closing balance | **66.52** | **20.25** |

**r. Disclosure of customer complaints**

| Particulars | March 31, 2021 | March 31, 2020 |
|---|---|---|
| a. No. of complaints pending at the beginning of the year | - | - |
| b. No. of complaints received during the year | 1,245 | 167 |
| c. No. of complaints redressed during the year | 1,245 | 167 |
| d. No. of complaints pending at the end of the year | - | - |

## s. Information on instances of fraud

Instances of fraud reported during the year ended March 31, 2021:

| Nature of fraud | No. of cases | Amount of fraud | Recovery | Amount provided |
|---|---|---|---|---|
| NIL | NIL | NIL | NIL | NIL |

Instances of fraud reported during the year ended March 31, 2020

| Nature of fraud | No. of cases | Amount of fraud | Recovery | Amount provided |
|---|---|---|---|---|
| NIL | NIL | NIL | NIL | NIL |

## t. The net interest margin (NIM)

| Particular | Other related parties | |
|---|---|---|
| | March 31, 2021 | March 31, 2020 |
| Average interest (a) | 20.12% | 21.34% |
| Average effective cost of borrowing (b)* | 10.69% | 11.36% |
| Net interest margin (a-b) | 9.43% | 9.98% |

## t. The net interest margin (NIM)

**Note:**

1.Above computation is in accordance with the method accepted by RBI vide its letter no DNBS.PD.NO.4906/03.10.038/2012-13 dated April 4,2013 to Micro-finance Institutions Network (the"MFIN format") read with the FAQs issued by RBI on October 12, 2017.

2. Securitised loans not qualifying for de-recognition as per RBI's "true sale" criteria and related interest income have not been considered for computation of "average interest charged" in accordance with the MFIN format. Accordingly, the purchase consideration received towards such securitisations and related finance costs have not been considered for computation of "average effective cost of borrowings". As per Ind AS 109, such loans and borrowings continue to be recognized on the balance sheet in the Ind AS financial statements.

"3.Interest income considered for computation of "average interest charged" excludes loan processing fee collected from customers in accordance with para 56 (vi) of the RBI Master Directions. As per Ind AS 109, such loan processing fee forms part of interest income in the Ind AS Consolidated financial statements."

## u. Public disclosure on Liquidity risk management

### i. Funding concentration based on significant Counterparty *(both deposits and borrowings)

| Number of significant counterparties | Amount (Rs. in Crore) | % of Total Deposits | % of Total Liabilities |
|---|---|---|---|
| 25 | 1,995.18 | NA | 90.82% |

### ii. Top 20 large deposits ( amount in Rs. Crore and % of total deposits)-

Not applicable. The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

### iii. Top 10 borrowings (amount in Rs. Crore and % of total borrowings)

| Amount (Rs in Crore) | % of Total Borrowings |
|---|---|
| 730.35 | 33.88% |

### iv.Funding concentration based on significant instrument / product*

| Name of the instrument/ product | Amount (₹ in Crore) | % of Total Liabilities |
|---|---|---|
| Term loans from Banks | 1,141.07 | 51.94% |
| Term Loans from Financial Institutions | 344.28 | 15.67% |
| Non Convertible debentures | 218.87 | 9.96% |
| Term Loans from Non banking Financial Companies | 442.42 | 20.14% |

### v. Stock Ratios

| Particulars | as a % of total public funds* | as a % of total liabilities* | as a % of total assets |
|---|---|---|---|
| Commercial papers | 0% | 0% | 0% |
| Non-convertible debentures (original maturity of less than one year) | 0% | 0% | 0% |
| Other short-term liabilities | 16.72% | 1.67% | 1.41% |

### vi.Institutional set-up for liquidity risk management

The Company's Board of Directors has the overall responsibility of management of liquidity risk. The Board decides the strategic policies and procedures of the Company to manage liquidity risk in accordance with the risk tolerance/limits decided by it.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk.

Asset Liability Management Committee (ALCO) of the Company is responsible ensuring adherence to the risk tolerance/limits as well as implementing the liquidity risk management strategy of the Company.

### *Notes

"1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs."

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

"3. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus."

4. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.

## v. Asset classification as per IRAC norms

v. Asset classification as per IRAC norms

As at 31st March 2021 ₹ in crores

| 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 IndAS 109 | Net Carrying Amount | Provisions required as per IRACP norms (Refer Note below) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | (5)=(3)-(4) | 6 | (7) = (4)-(6) |
| Performing Assets | | | | | | |
| Standard | Stage I | 1,904.48 | 19.02 | 1,885.47 | 7.58 | 12.46 |
| | Stage II | 37.04 | 7.36 | 29.68 | 0.43 | 19.86 |
| **Subtotal** | | **2,010.44** | **40.33** | **1,970.11** | **8.01** | **32.32** |
| **Non-Performing Assets (NPA)** | | | | | | |
| **Substandard** | **Stage III** | 99.08 | 66.52 | 32.56 | 49.54 | 16.98 |
| **Doubtful - Up to 1 year** | Stage III | - | - | - | - | - |
| **1 to 3 years** | Stage III | - | - | - | - | - |
| **More than 3 years** | Stage III | - | - | - | - | - |
| **Subtotal for doubtful** | | - | - | - | - | - |
| **Loss** | Stage III | - | - | - | - | - |
| **Subtotal for NPA** | | 99.08 | 66.52 | 32.56 | 49.54 | 16.98 |
| Other items | Stage I | - | - | - | - | - |
| Loan to subaidiary | Stage II | - | - | - | - | - |
| | Stage III | - | - | - | NA | NA |
| **Subtotal** | | - | - | - | - | - |
| **Total** | **Stage I** | 1,901.86 | 20.04 | 1,881.82 | 7.58 | 12.46 |
| | **Stage II** | 108.58 | 20.29 | 88.29 | 0.43 | 19.86 |
| | **Stage III** | 99.08 | 66.52 | 32.56 | 49.54 | 16.98 |
| | **Total** | **2,109.52** | **106.85** | **2,002.67** | **57.55** | **49.30** |

Notes
Figures under this columns Represents provisions determined in accordance with the Asset classification and provisioning norms as stipulated under Master Directions.

As at 31st March 2020 ₹ in crores

| 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 IndAS 109 | Net Carrying Amount | Provisions required as per IRACP norms (Refer Note below) | Difference between Ind AS 109 provisions and IRACP norms |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | (5)=(3)-(4) | 6 | (7) = (4)-(6) |
| Performing Assets | Stage I | 1,901.86 | 20.04 | 1,881.82 | 7.58 | 12.46 |
| | Stage II | 108.58 | 20.29 | 88.29 | 0.43 | 19.86 |
| Additional provision (refer note below) | | | | | 4.09 | (4.09) |
| **Subtotal** | | **1,941.52** | **26.38** | **1,915.15** | **11.89** | **14.49** |
| **Non-Performing Assets (NPA)** | | | | | | |
| **Substandard** | **Stage III** | 31.69 | 20.25 | 11.43 | 19.83 | 0.49 |
| **Doubtful - Up to 1 year** | Stage III | - | - | - | - | - |
| **1 to 3 years** | Stage III | - | - | - | - | - |
| **More than 3 years** | Stage III | - | - | - | - | - |
| **Subtotal for doubtful** | | - | - | - | - | - |
| **Loss** | Stage III | - | - | - | - | - |
| **Subtotal for NPA** | | 31.69 | 20.25 | 11.43 | 19.83 | 0.43 |
| Other items | Stage I | - | - | - | - | - |
| | Stage II | - | - | - | - | - |
| | Stage III | - | - | - | NA | NA |
| **Subtotal** | | - | - | - | - | - |
| **Total** | **Stage I** | 1,904.48 | 19.02 | 1,885.47 | 11.74 | 7.27 |
| | **Stage II** | 37.04 | 7.36 | 29.68 | 0.15 | 7.21 |
| | **Stage III** | 31.69 | 20.25 | 11.43 | 19.83 | 0.42 |
| | **Total** | **1,973.21** | **46.63** | **1,926.58** | **31.72** | **14.90** |

Note
IRACP provisions for Stage 1 and 2 includes additional 5% provisions of Rs 4.09 crores for defaulting loans under amounting to Rs 81.84 crores, for which asset classification benefit is extended based on RBI's circular DOR.No.BP.BC.63/21.04.048/2019-20 dt 17-Apr-2020

## Madura Micro Finance Limited

## Notes to Consolidated financial statements for the year ended March 31, 2021

x. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016

₹ in crores

| | Particulars | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|---|
| | Liabilities side : | | | | |
| 1) | Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: | Amount Outstanding | Amount Overdue | Amount Outstanding | Amount Overdue |
| | (a) Debentures : Secured | 153.84 | - | 137.30 | - |
| | : Unsecured | 65.02 | - | 50.02 | - |
| | (other than falling within the meaning of public deposits) | - | - | - | - |
| | (b) Deferred Credits | - | - | - | - |
| | (c) Term Loans | 1,927.77 | - | 1,442.50 | - |
| | (d) Inter-corporate loans and borrowing | - | - | - | - |
| | (e) Commercial Paper | - | - | - | - |
| | (f) Other Loans (Working Capital Loans from Banks) | 9.15 | - | 80.80 | - |

₹ in crores

| | Assets side : | 2021 | 2020 |
|---|---|---|---|
| 2) | Break-up of Loans and Advances including bills receivables [other than thoseincluded in (4) below] : | Amount Outstanding | Amount Outstanding |
| | (a) Secured | 0.14 | 0.25 |
| | (b) Unsecured | 2,002.52 | 1,926.32 |
| 3) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | | |
| | (i) Lease assets including lease rentals under sundry debtors : | | |
| | (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 | - | - |

| 4) Break-up of Investments : Current Investments : | | |
|---|---|---|
| **1. Quoted :** | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | 45.02 |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| **2. Unquoted :** | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (Certificate of Deposits and Commercial Paper) | | |
| **Long Term investments :** | | |
| **1. Quoted :** | | |
| (i) Shares : (a) Equity | - | - |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |
| **2. Unquoted :** | | |
| (i) Shares : (a) Equity | 0.34 | 0.34 |
| (b) Preference | - | - |
| (ii) Debentures and Bonds | - | - |
| (iii) Units of mutual funds | - | - |
| (iv) Government Securities | - | - |
| (v) Others (please specify) | - | - |

### x. Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction - Non-Banking Financial Company- Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (continued)

₹ in crores

5)

| Particulars<br>Borrower group-wise classification of assets financed as in (2) and (3) above : | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|
| Category | Amount net of provisions | | | Amount net of provisions | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1. Related Parties | - | | | | | |
| (a) Subsidiaries | - | - | - | - | - | |
| (b) Companies in the same group | - | - | - | - | - | |
| (c) Other related parties | 0.14 | - | - | - | - | |
| 2. Other than related parties | - | 2,002.52 | **2,002.66** | 0.25 | 1,926.32 | **1,926.57** |
| **Total** | **0.14** | **2,002.52** | **2,002.66** | **0.25** | **1,926.32** | **1,926.57** |

6)

| Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties | | | | |
| (a) Subsidiaries | - | - | - | - |
| | - | - | - | - |
| (c) Other related parties | - | - | - | - |
| 2. Other than related parties | 0.34 | 0.34 | 45.36 | 45.36 |
| **Total** | **0.34** | **0.34** | **45.36** | **45.36** |

7)

| Other information | March 31, 2021 | | | March 31, 2020 | | |
|---|---|---|---|---|---|---|
| **Particulars** | **Secured** | **Unsecured** | **Total** | **Secured** | **Unsecured** | **Total** |
| (i) **Gross Non-Performing Assets** | | | | | | |
| (a) Related parties | | - | - | | 0 | |
| (b) Other than related parties | | 99.07 | 99.07 | | 31.69 | |
| (ii) **Net Non-Performing Assets** | | | | | | |
| (a) Related parties | | - | - | | - | |
| (b) Other than related parties | | 32.55 | 32.55 | | 11.43 | |
| (iii) Assets acquired in satisfaction of debt | | | | | | |

Notes:

1 As defined in point xix of paragraph 3 of Chapter -2 of Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking

2 Provisioning norms shall be applicable as prescribed by Indian Accounting Standards (Ind AS) issued by ICAI

## 38Financial instruments – fair values

### 38.1Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

| Financial assets | March 31, 2021 | | | | March 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | Fair value | | | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Loans (measured at amortised cost) | 2,002.65 | - | 2,036.54 | | 1,926.58 | - | 1,958.47 | - |
| Investments (measured at FVTPL) | 0.34 | - | - | 0.34 | 45.36 | 45.02 | - | 0.34 |
| Total | 2,002.99 | - | 2,036.54 | 0.34 | 1,971.94 | 45.02 | 1,958.47 | 0.34 |

₹ in crores

| Fair value of financial liabilities measured at amortised cost | March 31, 2021 | | | | March 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | Fair value | | Carrying amount | Fair value | | |
| | | Level 1 | Level 2 | Level 3 | | Level 1 | Level 2 | Level 3 |
| Debt securities | 168.85 | | 170.74 | | 137.30 | | 140.24 | |
| Borrowings other than debt securitie | 1,902.86 | - | 1,910.47 | - | 1,417.64 | - | 1,428.06 | - |
| Subordinated liabilities | 74.93 | - | 87.69 | - | 74.90 | - | 85.09 | - |
| Total | 2,146.64 | - | 2,168.90 | - | 1,629.84 | - | 1,653.39 | - |

The carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, other receivables other financial assets / liabilities,other non-financial assets / liabilities, payables and provisions are considered to be the same as their fair values, due to their short-term nature.

## 39 Risk Management

### 39.1. Introduction and risk profile

Madura Micro Finance Limited ("Group") is one of the leading microfinance institutions in India focused on providing financial support to women from low income households engaged in economic activity with limited access to financial services. The Group predominantly offers collateral free loans to women from low income households, willing to borrow in a group and agreeable to take joint liability. The wide range of lending products address the critical needs of customers throughout their lifecycle and include income generation, home improvement, children's education, sanitation and personal emergency loans.

### 39.1.a Risk management structure

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles.The Risk Management framework approved by the Board has laid down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the Group. The objective of the risk management platform is to make a conscious effort in developing risk culture within the organisation and having appropriate systems and tools for timely identification, measurement and reporting of risks for managing them. The Board has a Risk Management committee which is responsible for monitoring the overall risk process within the Group and reports to the Board of Directors.

The Risk Management guidelines will be implemented through the established organization structure of Risk Department. The overall monitoring of the Risks is done by the Management level risk committee (MLRC) with the support from all the department heads of the Group. The Board will reviews the status and progress of the risk and risk management system, on quarterly basis through the Audit Committee and Risk Management Committee.

The individual departments are responsible for ensuring implementation of the risk management framework and policies, systems and methodologies as approved by the Board. Assignment of responsibilities in relation to risk management is prerogative of the Heads of Departments, in coordination with MLRC. While each department focuses on its specific area of activity, the MLRC operates in coordination with all other departments, utilising all significant information sourced to ensure effective management of risks in accordance with the guidelines approved by the Board.

MLRC comprising of CEO & CFO and head of departments are accountable for identification, assessment, aggregation, reporting and monitoring of the risk related to their respective domain. The departmental heads will report for the implementation of above mentioned guideline within their respective areas of responsibility. The Group's policy is that risk management processes throughout the Group are audited quarterly by the Internal Audit function, which examines both the adequacy of the procedures and the Group's compliance with the procedures. Internal Audit discusses the results of all assessments with management, and reports its findings and recommendations to the Audit Committee.

### Risk mitigation and risk culture

Risk assessments are conducted for all business activities. The assessments are to address potential risks and to comply with relevant legal and regulatory requirements. Risk assessments are performed by competent personnel from individual departments and risk management department including, where appropriate, expertise from outside the Group. Procedures are established to update risk assessments at appropriate intervals and to review these assessments regularly. Based on the Risk Control and Self Assessment (RCSA), the Group formulates its Risk Management Strategy / Risk Management plan on annual basis. The strategy will broadly entail choosing among the various options for risk mitigation for each identified risk. The risk mitigation is planned using the following key strategies:

Risk Avoidance: By not performing an activity that could carry risk. Avoidance may seem the answer to all risks, but avoiding risks also means losing out on the potential gain that accepting (retaining) the risk may have allowed.

Risk Transfer: Mitigation by having another party to accept the risk, either partial or total, typically by contract or by hedging.

Risk Reduction: Employing methods/solutions that reduce the severity of the loss.

Risk Retention: Accepting the loss when it occurs. Risk retention is a viable strategy for small risks where the cost of insuring against the risk would be greater over time than the total losses sustained. All risks that are not avoided or transferred are retained by default. This includes risks that are so large or catastrophic that they either cannot be insured against or the premiums would be infeasible.

## Risk measurement and reporting systems

The heads of all the departments in association with MLRC are responsible for coordinating the systems for identifying risks within their own department or business activity through RCSA exercise to be conducted at regular intervals.Based on a cost / benefit assessment of a risk, as is undertaken, some risks may be judged as having to be accepted because it is believed mitigation is not possible or warranted.As the risk exposure of any business may undergo change from time to time due to continuously changing environment, the updation of the Risk Register will be done on a regular basis.All the strategies with respect to managing these major risks shall be monitored by the MLRC.The Management Level Risk Committee meetings are held as necessary or at least once a month. The Management Level Risk Committee would monitor the management of major risks specifically and other risks of the Group in general. The Committee takes an integrated view of the risks facingthe entity and monitor implementation of the directives received from Risk Management Committee and actionable items drawn from the risk management framework.

Accordingly, the Management Level Risk Committee reviews the following aspects of business specifically from a risk indicator perspective and suitably record the deliberations during the monthly meeting.

- Review of business growth and portfolio quality.
- Discuss and review the reported details of Key Risk Threshold breaches (KRI's), consequent actions taken and review of operational loss events, if any.
- Review of process compliances including audit performance across organisation.
- Review of HR management, training and employee attrition.
- Review of new initiatives and product/policy/process changes.
- Discuss and review performance of IT systems.
- Review the status of strategic projects initiated.
- Review, where necessary, policies that have a bearing on the operational & credit risk management and recommend amendments.
- Discuss and recommend suitable controls/mitigations for managing operational & credit risk and assure that adequate resources are being assigned to mitigate the risks.
- Review analysis of frauds, potential losses, non-compliance, breaches etc. and determine corrective measures to prevent their recurrences.
- Understand changes and threats, concur on areas of high priority and possible actions for managing/mitigating the same.

## Risk Management Strategies

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location.

The following management strategies and policies are adopted by the Group to manage the various key risks.

## Political Risk mitigation measures

Political Risk mitigation measures:

- Low cost operations and low pricing for customers.
- Customer centric approach, high customer retention.
- Rural focus.
- Systematic customer awareness activities.
- High social focused activities.
- Adherence to client protection guidelines.
- Robust grievance redressal mechanism.
- Adherence to regulatory guidelines in letter and spirit.

### Concentration risk mitigation measures:

- District centric approach.
- District exposure cap.
- Restriction on growth in urban locations.
- Maximum disbursement cap per loan account.
- Maximum loan exposure cap per customer.
- Diversified funding resources. - Borrowing Dependence Norms In order to reduce dependency on any single lender, the Group has adopted a cap on borrowings from any single lender at 25%.

### perational & HR Risk mitigation measures

Operational & HR Risk mitigation measures:

- Stringent customer enrolment process.
- Multiple products.
- Proper recruitment policy and appraisal system.
- Adequately trained field force.
- Weekly & fortnightly collections – higher customer touch, lower amount instalments.
- Multilevel monitoring framework.
- Strong, Independent and fully automated Internal Audit function.
- Strong IT system with access to real time client and loan data.

### Liquidity risk mitigation measures:

Liquidity risk mitigation measures:

- Diversified funding resources.
- Asset liability management.
- Effective fund management.
- Maximum cash holding cap.

### xpansion risk mitigation measures:

Expansion risk mitigation measures:

- Contiguous growth.
- District centric approach.
- Rural focus.
- Branch selection based on census data & credit bureau data.
- Three level survey of the location selected.

### Cash Management Risk

The Group's branches collect and deposit a large amount of cash through a high volume of transactions taking place in our branch network. To address the cash management risks, the Group has developed advanced cash management checks that it employs at multiple levels to track and tally accounts. The Group ensures that cash collected up to a certain time is deposited at local bank branches on the same day.

### Market Risk

The Group is exposed to various types of market risks during the normal course of business such as credit risk, operational risk, cash management risk, Market Exposure risk, Liquidity risk and Interest rate risk.

### Credit Risk

Credit risk is the risk of loss that may occur from defaults by borrowers under loan agreements. In order to address credit risk, the Group has stringent credit assessment policies for client selection. Measures such as verifying client details, online documentation and the usage of credit bureau data to get information on past credit behaviour also supplement the efforts for containing credit risk.

Madura predominantly operate in rural and semi urban areas, where we are of the view that the impact of credit risk is limited. Most of our borrowers are into Agriculture, Dairy, Animal Husbandry, textiles, cottage and small trading businesses, where they operate in a 30 km radius. As on date these businesses are running as usual with minimum or no impact. Also, the company is choosy and cautious while lending to borrowers post COVID. Given the dynamic nature of pandemic situation with surge in second wave, more clarity will evolve in the months to come, and the way our Government handles the whole situation.

### Market Exposure risk

Market risk is that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately.

**Total market risk exposure**

| | Wednesday 31.03.2020 Carrying amount | Traded risk | Non-traded risk | Primary risk sensitivity |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalent and other bank balances | 485.49 | | 485.49 | No market risk |
| Fixed deposits | - | | - | Interest rate risk - 1% - Rs 0.53 crores |
| Loans | 2,002.65 | | 2,002.65 | No market risk as fixed interest rate |
| Financial investments–FVTPL | 0.34 | | 0.34 | |
| Other financial assets at amortised cost | 22.05 | | 22.05 | No market risk as fixed interest rate |
| **Total** | **2,510.53** | | **2,510.53** | |
| **Liabilities** | | | | |
| Payables | 32.56 | | 32.56 | |
| Borrowings (other than Debt Securities) | 1,902.86 | | 1,902.86 | Interest rate risk on floating rate interest loans. 0.25%-Rs 3.26 crores. |
| Debt Securities | 168.85 | | 168.85 | No interest risk as fixed interest rate |
| Subordinate debt | 74.93 | | 74.93 | No interest risk as fixed interest rate |
| Borrowings under securitisation arrangement | 9.15 | | 9.15 | No interest risk as fixed interest rate |
| Other financial liabilities | 0.98 | | 0.98 | |
| **Total** | **2,189.33** | | **2,189.33** | |

| | Tuesday 31.03.2020 Carrying amount | Traded risk | Non-traded risk | Primary risk sensitivity |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and cash equivalent and other bank balances | 80.24 | | 80.24 | No market risk |
| Fixed deposits | 56.94 | | 56.94 | Interest rate risk - 1% - Rs 0.41 crores |
| Loans | 1,926.58 | | 1,926.58 | No market risk as fixed interest rate |
| Financial investments–FVTPL | 45.36 | 45.02 | 0.34 | Price risk - 1% - Rs 0.45 crores |
| Other financial assets at amortised cost | 12.60 | - | 12.60 | No market risk as fixed interest rate |
| **Total** | **2,121.72** | **45.02** | **2,076.70** | |
| **Liabilities** | | | | |
| Payables | 28.80 | | 28.80 | |
| Borrowings (other than Debt Securities) | 1,417.64 | | 1,417.64 | Interest rate risk on floating rate interest loans. 0.25%-Rs 1.40 crores. |
| Debt Securities | 137.30 | | 137.30 | No interest risk as fixed interest rate |
| Subordinate debt | 74.90 | | 74.90 | No interest risk as fixed interest rate |
| Borrowings under securitisation arrangement | 80.79 | | 80.79 | No interest risk as fixed interest rate |
| Other financial liabilities | 1.79 | | 1.79 | |
| **Total** | **1,741.22** | | **1,741.22** | |

## 39.2 Impairment assessment

The references below show where the Group's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the summary of significant accounting policies.

### 39.2.a Definition of default, significant increase in credit risk and stage assessment

For the measurement of ECL, Ind AS 109 distinguishes between three impairment stages. All loans need to be allocated to one of these stages, depending on the increase in credit risk since initial recognition (i.e. disbursement date):

Stage 1: includes loans for which the credit risk at the reporting date is in line with the credit risk at the initial recognition (i.e. disbursement date).

Stage 2: includes loans for which the credit risk at reporting date is significantly higher than at the risk at the initial recognition (Significant Increase in Credit Risk).

Stage 3: includes default loans. A loan is considered default at the earlier of (i) the Group considers that the obligor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing collateral (if held); or (ii) the obligor is past due more than 90 days on any material credit obligation to the Group.

The Group offers products with monthly repayment frequency, whereby 30 and above Days past due ('DPD') means already 1 missed instalments from the borrower, and accordingly, the Group has identified the following stage classification to be the most appropriate for its Loans:

Stage 1: 0 to 30 DPD.
Stage 2: 31 to 90 DPD (SICR).
Stage 3: above 90 DPD (Default).

### 39.2.b Probability of Default ('PD')

PD describes the probability of a loan to eventually falling into Stage 3. PD %age is calculated for each loan account separately and is determined by using available historical observations.

PD for stage 1: is derived as %age of all loans in stage 1 moving into stage 3 in 12-months' time.
PD for stage 2: is derived as %age of all loans in stage 2 moving into stage 3 in the maximum lifetime of the loans under observation.
PD for stage 3: is derived as 100% considering that the default occurs as soon as the loan becomes overdue for 60 days which matches the definition of stage 3.

### 39.2.c Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

### 39.2.d Loss given default (LGD)

LGD is the opposite of recovery rate. LGD = 1 – (Recovery rate). LGD is calculated based on past observations of Stage 3 loans.

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.

### 39.2.e Grouping financial assets measured on a collective basis

The Group believes that the Self Help Group (SHG) loans have shared risk characteristics (i.e. homogeneous) and Individual loans (IL) have not shared risk characteristics. Therefore, SHG and IL are treated as two separate groups for the purpose of determining impairment allowance.

### 39.2.a.f Analysis of risk concentration

The Group manages concentrationof risk primarily by geographical region in India. The following tables show the geographical concentrations of  loans.

| | Amount (in crores) | |
|---|---|---|
| **Particulars** | **31.03.2021** | **31.03.2020** |
| **Concentration by Geographical region in India** | | |
| North | 160.11 | 144.28 |
| West | 232.33 | 207.99 |
| South | 1,397.65 | 1,422.63 |
| East | 212.57 | 151.68 |
| **Total carrying amount** | **2,002.66** | **1,926.58** |

### 39.2.g Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

### 39.3 Foreign currency risk:

In view of the Pandemic and oil prices, the rupee has been weakening against the USD. However as of 31st March 2021, the Group does not have any foreign currency exposure.

### 39.4 Changes in liabilities arising from financing activities

| Particulars | As at 31.03.2020 | Cash flows | Changes in fair value | Exchnage difference | Others | As at 31.03.2021 |
|---|---|---|---|---|---|---|
| Debt securities | 137.30 | 27.58 | | | 3.97 | 168.85 |
| Borrowings (other than debt securities) | 1,417.64 | 485.33 | | | (0.11) | 1,902.86 |
| Subordinated liabilities | 74.90 | 0.00 | | | 0.03 | 74.93 |
| Lease liabilities | 1.79 | (0.81) | | | - | 0.98 |
| **Total liabilities from financing activities** | **1,631.63** | **512.10** | | | **3.89** | **2,147.62** |

| Particulars | As at 31.03.2019 | Cash flows | Changes in fair value | Exchnage difference | Others | As at 31.03.2020 |
|---|---|---|---|---|---|---|
| Debt securities | 153.22 | (15.60) | | | (0.32) | 137.30 |
| Borrowings (other than debt securities) | 1,383.48 | 38.74 | | | (4.58) | 1,417.64 |
| Subordinated liabilities | 50.00 | 25.00 | | | (0.10) | 74.90 |
| Lease liabilities | 1.20 | 0.59 | | | | 1.79 |
| **Total liabilities from financing activities** | **1,587.90** | **48.73** | | | **(5.00)** | **1,631.63** |

### 39.5 Interest Rate Risk (IRR)

Interest rate risk is the risk where changes in market interest rates might adversely affect MMFL's financial condition and the changes in interest rates affect MMFL significantly. The immediate impact of changes in interest rates is on earnings (i.e. reported profits) by changing its Net Interest Margin (NIM). The risk from the earnings perspective can be measured as changes in Net Interest Margin (NIM). In line with RBI guidelines, the traditional Gap analysis is considered as a suitable method to measure the Interest Rate Risk for MMFL.

In case of MMFLL it may be noted that portfolio loans are not rate sensitive as there is no re-pricing of existing loans are carried out. Only liabilities in the form of borrowings are rate sensitive and considering the size of our business the quantum of impact of change of interest rate of borrowings on liquidity is not significant and can be managed with appropriate treasury action.

On account of COVID-19 the banks are expected to reset the interest rates . The MCLR rates of public sector banks have dropped marginally after March 2020. Depending on the period of impact of pandemic, the interest rates could undergo a change. However MMFL has significant exposure to fixed rate borrowings by way of NCDs and financial institution and partial exposure to floating rate interest loans from banks. These floating rate interest rates are reset annually.
The Group lends at fixed rates. Hence there is no short term impact of interest rate risk on the Group.i

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible charge in interest rates (all other variables being constant) of the Group'sprofit and loss statement.

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Net Debt | 2,155.80 | 1,710.63 |
| Total Equity | 401.36 | 401.61 |
| Net debt to total equity | 5.37 | 4.26 |

**Madura Micro Finance Limited**
**Notes to Consolidated financial statements for the year ended March 31, 2021**

## 39.6 Capital

The Group actively manages its capital base to cover risks inherent to its business and meet the capital adequacy requirement of RBI. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

### (i) Capital management

The Group's capital management objectives are
'- to ensure the Group's ability to continue as a going concern
'- to comply with externally imposed capital requirement and maintain strong credit ratings
'- to provide an adequate return to shareholders

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Net Debt | 2,155.80 | 1,710.63 |
| Total Equity | 401.36 | 401.61 |
| Net debt to total equity | 5.37 | 4.26 |

Net debt includes debt securities + borrowings other than debt securities + subordinated liabilities + financial libilities towards securitization

### 39.7 Liquidity risk and funding management

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate cost and tenure. The Group may face an asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. We monitor liquidity risk through our Asset Liability Management Committee. Monitoring liquidity risk involves categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We actively monitor our liquidity position to ensure that we can meet all borrower and lender-related funding requirements.

There are Liquidity Risk mitigation measures put in place which helps in maintaining the following:

Asset Liability Management (ALM) can be termed as a risk management technique designed to earn an adequate return while maintaining a comfortable surplus of assets over liabilities. ALM, among other functions, is also concerned with risk management and provides a comprehensive as well as dynamic framework for measuring, monitoring and managing liquidity and interest rate risks. ALM is an integral part of the financial management process of MMFL. It is concerned with strategic balance sheet management, involving risks caused by changes in the interest rates and the liquidity position of MMFL. It involves assessment of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks.

ALM committee constitutes of Board of Directors who would review the tolerance limits for liquidity/ interest rate risks and would recommend to Board of Directors for its approval from time to time. As per the directions of the Board, the ALM statements would be reported to the ALM committee on quarterly basis for necessary guidance.

The scope of ALM function can be described as follows:

i. Funding and Capital Managementm,
ii. Liquidity risk management ,
iii. Interest Rate risk management ,
iv. Forecasting and analyzing 'What if scenario' and preparation of contingency plans.

Capital guidelines ensure the maintenance and independent management of prudent capital levels for MMFL to preserve the safety and soundness of the Group, to support desired balance sheet growth and the realization of new business; and to provide a cushion against unexpected losses. Refer Note 37(a) with respect to regulatory capital of the Group as at the reporting dates.

#### a) Financing arrangements

The Group has access to the following undrawn borrowing facilitiesat the end of the reporting period :

₹ in crores

| Particulars | As at 31.03.2021 | As at 31.03.2020 |
|---|---|---|
| Term loans | 230.00 | 21.50 |
| **Total** | **230.00** | **21.50** |

#### b) Liquidity assessment as on March 31, 2021

| Particulars | Upto 30 / 31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total* |
|---|---|---|---|---|---|---|---|---|---|
| Borrowings Debt securities | 0.16 | 38.13 | 2.61 | 21.22 | 74.03 | 45.23 | 0.00 | | 181.38 |
| Borrowings (other than debt securities) | 147.90 | 98.90 | 113.11 | 411.12 | 717.67 | 553.36 | 20.06 | | 2,062.12 |
| Subordinated liabilities | 0.29 | 0.30 | 0.29 | 0.88 | 9.35 | 72.23 | 19.06 | 12.94 | 115.34 |
| Financial liability towards securitisation | 2.77 | 2.30 | 1.32 | 1.90 | 1.08 | | | | 9.37 |
| **Total** | **151.12** | **139.63** | **117.33** | **435.12** | **802.13** | **670.82** | **39.12** | **12.94** | **2,368.21** |

### Liquidity assessment as on March 31, 2020

| Particulars | Upto 30 / 31 days | 1 to 2 months | 2 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 3 years | 3 to 5 years | Over 5 years | Total* |
|---|---|---|---|---|---|---|---|---|---|
| Borrowings<br>Debt securities | 0.38 | 4.25 | 1.09 | 41.11 | 62.57 | 37.98 | 0.00 | | 147.38 |
| Borrowings (other than debt securities) | 107.58 | 83.38 | 75.57 | 297.89 | 484.72 | 501.04 | 9.02 | | 1,559.20 |
| Subordinated liabilities | 0.30 | 0.30 | 0.29 | 0.88 | 9.34 | 22.22 | 64.61 | 28.50 | 126.44 |
| Financial liability towards securitisation | 14.10 | 10.90 | 10.34 | 26.02 | 20.45 | 1.99 | | | 83.80 |
| **Total** | **122.36** | **98.83** | **87.29** | **365.90** | **577.08** | **563.23** | **73.63** | **28.50** | **1,916.82** |

## 40 Change in accounting estimates

The company has changed the accounting estimate of useful life for the following assets in order to align its accounting estimate with the holding company. Impact due to the change on the depreciation, amortisation and impairment expenses in the year ending March 31,2021 is also given below. The comoany has not disclosed the impact of the change in estimate in future periods since it is impracticable to assess the effect.

| Particulars | Revised useful life | Earlier useful life | (Reduction)/Increase in profit (₹ in crores) |
|---|---|---|---|
| Plant and Machinery | 10 Years | 7 years | 0.02 |
| Furniture and fittings | 10 Years | 7 years | 0.10 |
| Electrical and fixtures | 10 Years | 5 years | 0.02 |
| Building | 30 years | 60 years | (0.00) |
| Software | 5 years | 3 years | 0.26 |

## 41. Additional Information as required under Schedule III of Companies Act, 2013, of enterprises consolidated as subsdiary

| Particulars | Net assets i.e Total assets minus total liabilities | |
|---|---|---|
| | As % of consolidated net assets | "Amount (₹ in crores)" |
| Parent<br>Madura Microfinance Limited | 99.99% | 401.33 |
| Subsidiary<br>Mudura Micro Education Private Limited | 0.01% | 0.04 |
| **Total** | **100.00%** | **401.37** |

| Particulars | Share in profit and loss account | |
|---|---|---|
| | As % of consolidated net assets | "Amount (₹ in crores)" |
| Parent<br>Madura Microfinance Limited | 15.00% | (0.03) |
| Subsidiary<br>Mudura Micro Education Private Limited | 85.00% | (0.17) |
| **Total** | **100.00%** | **(0.20)** |

## 42. Earnings per share (EPS)

The following reflects the profit / loss after tax and equity share data used in the basic and diluted EPS calculations:

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| Net profit/ (loss) after tax as per statement of profit and loss (₹ in crores) | (0.20) | 79.67 |
| "Net profit/ (loss) as above for calculation of basic EPS and diluted EPS | (0.20) | 79.67 |
| (₹ in crores) | 0.20 | 79.67 |
| Net profit/ (loss) for calculation of diluted EPS (₹ in crores) | 7,194,761 | 7,194,761 |
| Weighted average number of equity shares in calculating basic EPS | | |
| Stock options granted under ESOP | 7,194,761 | 7,194,761 |
| Weighted average number of equity shares in calculating dilutive EPS | (0.27) | 110.74 |
| Earnings per share | (0.27) | 110.74 |
| Dilutive earnings per share | 10.00 | 10.00 |
| Nominal value per share | | |

**43.** The erstwhile promoters, major shareholders and others signed Share Purchase Agreements with Credit Access Grameen Limited (NSE: CREDITACC, BSE: Consequent to the approval granted by the Board of Directors of both the entities, CreditAccess Grameen Limited ("CAGL"), holds 54,86,216 Equity Shares representing 76.25% of the paid-up equity share capital of the Company as at March 31, 2021. CAGL has applied for BSE Ltd., and National Stock Exchange of India Ltd., the designated Stock Exchanges where its equity shares are listed, for issuing No-Objection for the proposed merger. Currently, the Stock Exchanges have processed the said application and forwarded the same to SEBI, along with their comments. The approval from SEBI is awaited.

**44.** Upon receipt of SEBI approval, CAGL will be filing a Petition for Merger before the respective benches of National Company Law Tribunals (NCLTs) seeking approval for the proposed merger.

The approval for re-appointment of Ms. Tara Thiagarajan (erstwhile MD) as the Managing Director of the Company for the period Oct 2013 to Sep 2016 is pending with the Central Government for approval. The Company has furnished all the necessary documents/clarifications in this regard to the Ministry of Corporate Affairs (MCA). During this period an amount of INR 132.50 lakhs excluding gratuity was paid to Ms. Tara Thiagarajan as remuneration. The outbreak of Covid-19 pandemic has created a technical delay for obtaining the approval order from MCA. However, the Company is confident of getting the approval at earliest based on the recent communication from MCA. In the meanwhile Ms.Tara has placed a fixed deposit with a bank for Rs 132.50 lakhs valid till September 19, 2021 with a lien marked in favour of the Company.

## 45. Segment information

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

## 46. Disclosure relating to Micro, Small and Medium Enterprises:

| Particulars | 31.03.2021 | 31.03.2020 |
|---|---|---|
| (a) Principal amount remaining unpaid to suppliers | | |
| (b) Interest due on the above remaining unpaid to suppliers | | |
| (c) Interest paid during the year in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| (d) Amount paid to suppliers beyond the appointed day during the year | | |
| (e) Interest due and payable for the period of delay in making payments which have been paid beyond the appointed but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | | |
| (f) Interest accrued and remaining unpaid | | |
| (g) Interest remaining due and payable and paid during the year, for disallowance of deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | | |

**47.** On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Heath Organisation. it continues to spread across the country leading to a significant decline and volatility in the Indian financial markets and a significant decrease In local domestic activities. On March 24,2020, the Indian government announced a strict 21-day lockdown followed by further extensions of lockdown till 17 May 2020 and various containment measures.

Government announced several lockdowns to control the spread of Covid-I9 . Businesses slowly started from July 2020 and Is back on track from September 2020.

In accordance with the Reserve Bank of India (RBI) guidelines relating to COVID-19 regulatory package dated April 17th 2020, the Company has granted moratorium of three months on the payment of installments falling due between March 1 2020 end May 31 2020 to its eligible borrowers based upon a Board approved policy. RBI vide moratorium 2.0 extended moratorium by further three months. The company through its Board approved policy extended the same on a case to case basis For all such accounts where the moratorium is granted, the asset classification remain unchanged during the moratorium period.

The extent of which the Covid 19 pandemic, including the current ""second wave"" that has significantly increased the number of cases in India, will continue to impact the Company results and will depend on ongoing as well as future developments , which are highly 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 selected by us.

The company has made provision for impairment based on the Expected Credit Loss (ECL) model as per INDAS 109. Company has revised Its Probability of Default (PD) estimates to factor in the impact of the pandemic and has created an additional management overlay on ECL. as at March 31,2021. The Company based on to initial and continued estimates and assumptions during the year has provided for the Impact of the pandemic on the Financial Statements. Moreover, due to uncertainties associated with the pandemic the actual inspect may not be in line with current estimates. The Company will continue to closely monitor any changes to the estimates based on future economic conditions. Further the impact assessment does not indicate any adverse impact on the ability of the company to continue as a going concern.

**48.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**49.** Government of India had introduced on 23rd Oct 2020 a Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020). As per this scheme, all loans having sanctioned limit of less than Rs. 2 crores, are eligible for this grant of ex-gratia. Company had earlier debited interest on interest to various borrowers which was however not taken to income as it was accrued and provided for in books. However, based on GoI scheme, the amounts debited to borrowers was claimed. Company has credited the accounts of borrowers and received refund of Rs 10.36 crores claimed from the government under this scheme.

**50.** The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Company did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020. Pending disposal of the case, the Company, as a matter of prudence, had made in respect of these accounts using ECL model. The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms from 1st Sept 2020.

**51.** Company had availed moratorium on the borrowings from banks and financial institutions. This has resulted in revision of tenure of loan or restatement of installments payable. Moratorium has been availed for the fixed period from March 2020 to August 2020 In respect of the loans borrowed. Company has given affect of the same In the financial results as on March 31, 2021

52. There were few breach of loan covenants during the year for facilities availed from lenders. However, the company has concluded that these loan covenants are not substantive in nature based on specific facts and circumstances applicable to it. The company has already sent the waiver request letters to lenders with respect to these breaches. Hence, this non-substantive or minor breaches of several debt covenants would not result in loan being classified as "current" as long as the lender has not recalled the loan prior to the date of approval of financial statements. No banker has recalled any loan for any covenants breaches.

53. In the meeting of the Board held on January 22, 2021, the approval of the Board was accorded to strike off the name of Madura Micro Education Private Limited (MMEPL) as prescribed under section 248(2) of the Companies Act, 2013 and to waive off any outstanding amount due from MMEPL. The Board further agreed that the application to strike off MMEPL can be filed with Ministry of Corporate affairs (Ministry) only by April 01,2022 subject to fulfilment of certain conditions.

As on March 31,2021, the company has not initiated the process to strike-off its name from the list of companies as the same can be done only by March 2022 as per the conditions explained above.The company has already taken the approval from board for approaching the strike-off before year end but since application with ROC cannot be made till April 2022, MMEPL continues to be the subsidiary of the Madura Microfinance Limited (MMFL) and accordingly financial statements are prepared.

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Registration No:003990S / S200018

| | | |
|---|---|---|
| S. Narasimhan<br>Partner | Udaya Kumar Hebbar<br>Director | F. S. Mohan Eddy<br>Director |
| Place: Chennai<br>Date: 26th April 2021 | M. Narayanan<br>Chief Executive Officer<br>& Chief Financial Officer | Ganesh Hegde<br>Company Secretary |