

SHARE
MICROFIN LIMITED

25th ANNUAL REPORT
2023-2024

Registered Office: #1-224/58, Rajeev, Nacharam, Hyderabad – 500 076

*Corporate Office: #4th Floor, Amsri Eden Square, 9-1-87 & 9-1-119/1
St. Johns Road, Secunderabad – 500 003, Telangana India*

Tel: 040-27781000, 27808387, 27808380

Website: <http://www.sharemicrofin.com>;

Email Address: secretarial@sharemicrofin.in;

CIN: U65910TG1999PLC031548



NOTICE OF TWENTY FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING (AGM) of the Members of SHARE MICROFIN LIMITED (the Company) will be held on **Monday, the 30th day of September, 2024 at 11:00 A.M. (IST)** through Electronic Mode [Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")], in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder read with General Circulars issued from time to time, to transact of the following businesses and the venue of the meeting shall be deemed to be the Corporate Office of the Company at 4th Floor, Amsri Eden Square, 9-1-87 & 9-1-119/1, St. Johns Road, Secunderabad - 500003, Telangana, India:

ORDINARY BUSINESS:

ITEM NO. 1: ADOPTION OF FINANCIAL STATEMENTS

To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended March 31, 2024, together with the Reports of the Board of Directors and the Statutory Auditors thereon, and, in this regard, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Audited Financial Statement of the Company for the financial year ended March 31, 2024 along with Annexure thereto, and the Report of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby received, considered and adopted."

ITEM NO. 2: REAPPOINTMENT OF MR. VERGHESE KURUDAMANNIL JACOB, DIRECTOR LIABLE TO RETIRE BY ROTATION

To reappoint Mr. Verghese Kurudamannil Jacob (03432508) as Director, who retires by rotation and, being eligible, offers himself for reappointment and, in this regard, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, (including any statutory modifications or re-enactment thereof) and the Articles of Association of the Company, Mr. Verghese Kurudamannil Jacob (03432508) who retires by rotation and being eligible for reappointment, be and is hereby reappointed as a Director of the Company, liable to retire by rotation."

ITEM NO. 3: APPOINTMENT OF M/S RAY & RAY, CHARTERED ACCOUNTANTS AS THE STATUTORY AUDITORS OF THE COMPANY

To consider and if thought fit, to pass, the following Resolution as a Special Resolution for appointment of M/s.Ray & Ray, Chartered Accountants as the Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 139 to 142 and other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, and in accordance with the Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 ("RBI Guidelines") dated April 27, 2021 as amended from time to time (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and after considering and endorsing the recommendation of Audit committee, and the Board of Directors of the Company, consent of the Members of the Company be and is hereby accorded to the appointment of M/s. Ray & Ray, Chartered Accountants (Firm Registration Number 301072E), as Statutory Auditors of the Company, in the place of retiring auditors, M/s Nangia & Co LLP, Chartered Accountants, for a term of five years, to hold office from the conclusion of this 25th Annual General Meeting till the conclusion of the 30th Annual General Meeting to be held in the year 2029 on such terms including remuneration, reimbursement of expenses (if any), as may be fixed and determined by the Board of Directors of the Company in consultation with the Statutory Auditors."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to finalize their terms of engagement according to the scope of their services as Statutory Auditors and other permissible assignments, if any, in line with the relevant, prevailing statutory / regulatory provisions applicable to the Company and Policy for appointment of Statutory Auditors of the Company."



"RESOLVED FURTHER THAT the Board be and is hereby authorized, to delegate all or any of the powers to any committee of directors with power to further delegate to any other officer(s) / authorized representative(s) of the Company, to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

SPECIAL BUSINESS:

ITEM NO. 4: TO REGULARIZE THE APPOINTMENT OF MR. SURESH KISHINCHAND KHATANHAR AS AN INDEPENDENT DIRECTOR:

To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

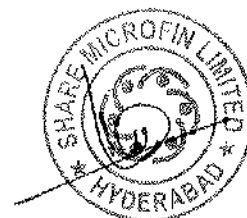
"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and Directions issued by Reserve Bank of India from time to time, the provisions of the Articles of Association of the Company, Mr.Suresh Kishinchand Khatanhar (DIN 03022106), who was appointed as an Additional Director (in the capacity of an Independent Director) of the Company, by the Board of Directors, on the recommendation of Nomination and Remuneration Committee, with effect from September 04, 2024, and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for Financial Year 2023-2024 should have been held, whichever is earlier, and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, the Rules made thereunder, and who is eligible for appointment under the relevant provisions of the Act and applicable Master Directions issued by Reserve Bank of India, and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of an Independent Director, be and is hereby appointed as an Independent Director of the Company, for the first term of five consecutive years i.e., from September 04, 2024 till September 03, 2029, not liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, on behalf of the Company, to delegate all or any of the powers conferred on it by or under this resolution to Nomination and Remuneration Committee of the Company, to give effect to this resolution, including filing of necessary forms / returns with the Ministry of Corporate Affairs and other authorities concerned, and generally to do all such acts, deeds, matters and things, as may be necessary, proper, expedient or incidental for giving effect to this resolution."

ITEM NO. 5: TO REGULARIZE THE APPOINTMENT OF MR. TARON MOHAN AS AN INDEPENDENT DIRECTOR:

To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and Directions issued by Reserve Bank of India from time to time, the provisions of the Articles of Association of the Company, Mr.Taron Mohan (DIN 00287869), who was appointed as an Additional Director (in the capacity of an Independent Director) of the Company, by the Board of Directors, on the recommendation of Nomination and Remuneration Committee, with effect from September 04, 2024, and who holds the said office pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting or the last date on which the Annual General Meeting for Financial Year 2023-2024 should have been held, whichever is earlier, and who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, the Rules made thereunder, and who is eligible for appointment under the relevant provisions of the Act and applicable Master Directions issued by Reserve Bank of India, and in respect of whom the Company has received a notice in writing under Section 160 of the Act proposing his candidature for the office of an Independent Director, be and is hereby appointed as an Independent Director of the Company, for the first term of five consecutive years i.e., from September 04, 2024 till September 03, 2029, not liable to retire by rotation."



"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, on behalf of the Company, to delegate all or any of the powers conferred on it by or under this resolution to Nomination and Remuneration Committee of the Company, to give effect to this resolution, including filing of necessary forms / returns with the Ministry of Corporate Affairs and other authorities concerned, and generally to do all such acts, deeds, matters and things, as may be necessary, proper, expedient or incidental for giving effect to this resolution."

ITEM NO. 6: TO TAKE ON RECORD THE CHANGE OF DESIGNATION OF MS.SUCHARITA TO NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR OF THE COMPANY

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the Board of Directors had, in their meeting held on July 3, 2024, taken on record the letter of resignation of Ms. Sucharita (DIN:00184698) from employment with the Company, and as a result, a change in her position from a Whole Time Director to a Non-Executive Director on the Board, holding her directorship in the capacity as a nominee of Mr. Udaia Kumar in accordance with the Articles of Association. The Members hereby take on record the resignation from employment with the Company and the re-designation of Ms. Sucharita as Non-Executive Director of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question, difficulty or doubt that may arise in this regard at any stage, and to sign and execute all deeds, application documents and writing that may be required, on behalf of the Company and generally to do all acts, deeds and things that may be necessary, proper, expedient or incidental, including furnish copies of the foregoing resolutions, certified to be true by any Director, to any person(s) as may be required."

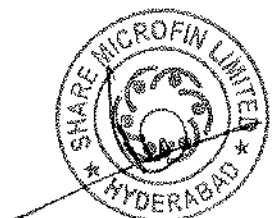
"RESOLVED FURTHER THAT the Board be and is hereby authorized, to delegate all or any of the powers to any Committee of Directors or to any other officer(s) / authorized representative(s) of the Company, to communicate the matters set out in the above resolutions (together with certified true copies of these resolutions) to relevant third parties and to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

ITEM NO. 7: TO APPROVE AND RATIFY REMUNERATION PAID TO MR. M UDAIA KUMAR, MANAGING DIRECTOR (DIN: 00017642) FOR THE PERIOD FROM APRIL 01, 2024 TO JULY 10, 2024

To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013, other applicable law, (including any statutory modification or re-enactment thereof), and Directions issued by Reserve Bank of India from time to time, the Articles of Association of the Company, and subject to the approval of the Central Government and / or such other regulatory authorities, as may be required, and subject to such conditions as may be prescribed by any statutory authority while granting such approval, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, and in partial modification of resolution passed at the Annual General Meeting held on September 23, 2023, the consent of Members of the Company be and is hereby accorded to ratify payment of remuneration of Rs.58 Lakh to Mr. Musuku Udaia Kumar, Managing Director (DIN: 00017642) for the period from April 01, 2024 to July 10, 2024, and on such other terms as set out in the explanatory statement under Section 102 of the Act annexed hereto, which shall be deemed to form part hereof as per the provisions of the Companies Act, 2013 read with Rules made thereunder."

"RESOLVED FURTHER THAT that except for the approval of remuneration all other terms and conditions of appointment, as approved earlier by the Members, and which are not dealt with in this Resolution, shall remain unchanged and continue to be effective."



"RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. M Udaia Kumar as Managing Director the Company has no profits or its profits are inadequate, the Company shall pay the above remuneration by way of salary including perquisites and allowance as minimum remuneration subject to Section 197 read with Section II of Part II of Schedule V to the Companies Act, 2013."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to take such steps as may be deemed necessary for obtaining necessary approvals - statutory, contractual or otherwise, if any, in relation to the above and to settle all matters arising out of and incidental thereto and to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to the foregoing Resolution."

ITEM NO. 8: APPOINTMENT OF MR. KOTI VENKATA RAO AS MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

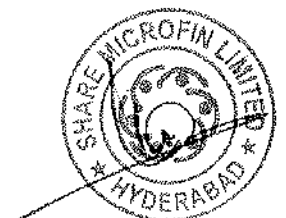
To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Directions issued by Reserve Bank of India from time to time, and the Articles of Association of the Company, Mr.Koti Venkata Rao (DIN: 08245503) who was appointed as an Additional Director of the Company with effect from July 11, 2024 and who holds office till the date of the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013, other applicable law, (including any statutory modification or re-enactment thereof), and Directions issued by Reserve Bank of India from time to time, the Articles of Association of the Company, and subject to the approval of the Central Government and / or such other regulatory authorities, as may be required, and pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, the consent of Members of the Company be and is hereby accorded for the appointment of Mr. Koti Venkata Rao (DIN: 08245503) as Managing Director and Chief Executive Officer of the Company, for a term of five years with effect from July 11, 2024 to July 10, 2029, and on payment of gross remuneration of Rs.2.40 crore (which shall comprise of both fixed and variable components at the ratio of 70:30 respectively), as more specifically detailed in the letter of Appointment dated July 10, 2024, for the period commencing from July 11, 2024 to July 10, 2025 and with respect to the second, third, fourth and fifth year of the Managing Director's term, the annual remuneration will be reviewed by the Board in advance and on an annual basis. The Board will be responsible for reviewing and then recommending an appropriate level of remuneration, taking account of various factors, including the business's profitability. Remuneration terms for the Managing Director will then be included as a General Meeting item for Shareholders to vote on annual basis and the approval for the remuneration for the said tenure of appointment must be obtained as per the provisions of the Companies Act, 2013."

"RESOLVED FURTHER THAT pursuant to the provisions of Sections 197 and other applicable provisions, if any, of the Companies Act, 2013, apart from his gross annual remuneration, he is also entitled to the following as per the Company's Rules or the policy:

- a) Medical Expenses Reimbursement: Medical benefits as per rules of the Company for self and family, as applicable to the officers of the Company.
- b) Club fees: Payment of fees of clubs subject to a maximum of two clubs (including admission or entrance fees and monthly or annual subscription).
- c) Encashment of leave: Encashment of leave at the end of the tenure as per rules of the Company.
- d) Reimbursement of actual travelling and entertainment expenses: The travelling and entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
- e) Reimbursement of expenses on mobile phone and landline phone at residence: As per rules of the Company.



- f) Provision of Company's car with Driver: Free use of the Chauffeur driven Company's car and fuel expenses for use on the Company's business as well as for own use, in line with position of Managing Director.
- g) Provident Fund, Superannuation benefits and Gratuity: As per the rules of the Company.

Other perquisites not exceeding the basic salary such as furnishing of residential accommodation, security guards at residence, attendants at home, personal accident insurance, and other policies and benefits that may be introduced from time to time by the Company shall be provided to Managing Director and Chief Executive Officer as per the rules of the Company, subject to the approval of the Board, provided however that the aggregate value of the perquisites shall not exceed 15% of the fixed pay in any financial year."

"RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Koti Venkata Rao (DIN: 08245503) as Managing Director and Chief Executive Officer, the Company has no profits or its profits are inadequate, the Company shall pay the above remuneration by way of salary including perquisites and allowance as minimum remuneration subject to Section 197 read with Section II of Part II of Schedule V to the Companies Act, 2013."

"RESOLVED FURTHER THAT the Board of Directors of the Company or the Nomination and Remuneration Committee thereof, be and is hereby authorised to alter or vary the terms and conditions of the said appointment and remuneration from time to time, within the limits approved by the Members, or finalise and decide revisions in the remuneration payable to Mr. Koti Venkata Rao as Managing Director and Chief Executive Officer, from time to time in accordance with the Company's applicable / relevant policies within the maximum amounts payable to the Directors in terms of the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) or within the overall limits approved herein, and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the Members, and further to execute all such documents, agreements, instruments and writings and to give such directions and/or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration and do all other things incidental and ancillary thereof."

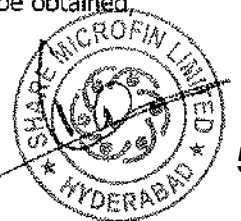
"RESOLVED FURTHER THAT Mr. Koti Venkata Rao as Managing Director and Chief Executive Officer be entrusted with such powers and perform such duties as may from time to time be delegated / entrusted to him subject to the supervision and control of the Board."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, on behalf of the Company, to delegate all or any of the powers conferred on it by or under this resolution to Nomination and Remuneration Committee of the Company to give effect to this resolution including filing of necessary forms / returns with the Ministry of Corporate Affairs and other authorities concerned, and generally to do all such acts, deeds, matters and things, as may be necessary, proper, expedient or incidental for giving effect to this resolution."

ITEM NO. 9: AUTHORIZATION TO BORROWING LIMITS

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT subject to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and subject to Articles of Association of the Company, and in supersession of all the earlier resolutions passed in this regard, the consent of the Members of the Company be and is hereby accorded to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any body corporate / entity / entities and/or authority / authorities, by issue of securities or instruments, such as floating rate notes, fixed rate notes, term loans, syndicated loans, debentures, bonds, commercial papers, short term loans, long term loans, Securitisation, Direct Assignment, Business Correspondence, Co-lending, Pass Through Certificates or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding Rs.5000 crore (Rupees Five Thousand Crore only), notwithstanding that the money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained or to be obtained,



from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company, its free reserves and its Securities Premium."

"RESOLVED FURTHER THAT subject to Articles of Association of the company, the Board of Director be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

ITEM NO. 10: AUTHORIZATION FOR CREATION OF CHARGE / ENCUMBRANCE ON THE ASSETS

To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution:

"RESOLVED THAT subject to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof, and subject to Articles of Association of the Company, and in supersession of all the earlier resolutions passed in this regard, the consent of the Members of the Company be and is hereby accorded to create pledge, mortgage, hypothecate and/or charge on all or any part of the moveable or immovable properties of the Company, as may be necessary, on both present and future assets, in favour of banks, financial institutions, investors, their associates, or any other lenders or debenture trustees, to secure the amount borrowed by the Company, or otherwise, securitization, assignment or portfolio buyout transactions, from time to time for the due payment of the principal and/or together with interest, charges, costs, expenses, premium on pre-payment or on redemption, and all other monies payable by the Company, in respect of such borrowings provided that the aggregate indebtedness secured by the assets of the Company does not exceed Rs.5000 crore (Rupees Five Thousand Crore only) at any time."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, to finalize with Banks/Financial Institutions the documents for creating aforesaid mortgage and/or the charge on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

"RESOLVED FURTHER THAT subject to Articles of Association of the company, the Board be and is hereby authorized and empowered to arrange or settle the terms and conditions as to creation of encumbrance on the assets of the Company or otherwise howsoever as it may think fit and to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required."

ITEM NO. 11: TO APPROVE ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 4 and Section 13 of the Companies Act, 2013 ("Act"), and other applicable provisions of the Act, if any, read with the Companies (Incorporation) Rules, 2014 and other relevant rules, if any, made under the Act and the provisions of other applicable laws, if any, including any amendment(s), re-enactment(s) or statutory modification(s) thereof and the Articles of Association of the Company, and subject to the approval of the Registrar of Companies ("RoC"), Ministry of Corporate Affairs, and other requisite approvals, if any, in this regard, from other appropriate authorities and the term(s), condition(s), amendment(s), modification(s), as may be required or suggested by the RoC and any such appropriate authority, and agreed to by the Board of Directors of the Company, the consent of the Members of the Company be and is hereby accorded for alteration in the Memorandum of Association of the Company, to align with Table A of the Schedule I of the Act, by merging appropriate and relevant objects of the Memorandum of Association, mentioned under Clause III (C) 'Other Objects' with Clause III (B) 'Matters which are necessary for furtherance of the objects specified in clause 3(A) are' and consequently changing the object numbering as may be appropriate."

"RESOLVED FURTHER THAT in accordance with the Table A of the Schedule I of the Act, the Clause III (A) of the Memorandum of Association of the Company, be renamed as: Clause III (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:"



"RESOLVED FURTHER THAT in accordance with the Table A of the Schedule I of the Act, the Clause III (B) of the Memorandum of Association of the Company, be renamed as: Clause III (B) – MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) are:"

"RESOLVED FURTHER THAT the existing Clause III (C) 'Other objects' of the Memorandum of Association of the Company be and is hereby deleted in its entirety."

"RESOLVED FURTHER THAT the following new clauses be added to existing clauses, under III(B) MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A) ARE of the Memorandum of Association of the Company:

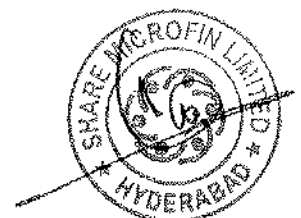
62. To lend and advance moneys to entrepreneurs, promoters, business houses, industrial concerns / enterprises to financial institutions, banks and to carryout financing commercial activities and activities in the industrial and agricultural sectors and in respect of materials products, articles and things, whether for household use or consumption or otherwise.

63. To undertake, carry out, promote and sponsor rural development including any program for promoting the social and economic welfare of or the uplift of the public in any rural area and to incur any expenditure on any program of rural development and to assist execution and to promotion thereof either directly or through an independent agency or in any other manner without prejudice to the generality of the foregoing "program on rural development" shall also include any program for promoting the social and economic welfare of or the uplift of the public in any rural area which the directors consider it likely to promote and assist rural development and that the words "rural area" shall include such areas as may be regarded as rural areas under the Income Tax Act 1961, or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural area directors may in their discretion in order to implement any of the above mentioned objects or purposes, transfer without consideration or at such fair or concessional value as the directors may think fit and divest the ownership of any property of the company to or in favour of any public or local body or authority of central Government or any other appropriate authority.

64. To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the directors may consider to be social and moral responsibilities of the company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare, or social, economic or moral uplift of the public or any section of the public and in a such manner and by such means as the foregoing, undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers etc, for organising lectures or seminars likely to advance these objects or for giving merit awards, for giving scholarship, or loans or any other assistance to deserving students or other scholars for persons to enable them to pursue their studies or academic pursuits or researches and for establishing, conducting or assisting any institution, fund, trust etc., having any one of the aforesaid objects, as on the end of its objects by giving donations otherwise in any other manner, and the directors may at their discretion in order to implement any of the above mentioned objects or purposes, transfer without consideration of at such fair or concessional value as the directors may think fit an divest the ownership of any property of the company to or in favour of any public or Local Body or Authority or central government or state government or any other appropriate authority.

72. To provide for the benefit of other persons, consultancy, advisory, training and management services concerning or connected with anything that the Company does in the exercise of its powers or has power to do, or in which the Company has gained or developed expertise in the course of its business, and to provide training and educational courses, instruction, documentation and material for employees of the Company and for other persons in matters which in the opinion of the Company are connected with, or concern or are of benefit to, the businesses and activities of the Company.

73. To represent persons at meetings of local, national and international organizations and bodies concerned with activities connected or associated with any of the business of the Company, to provide services of all kinds to such organizations and bodies and to negotiate and enter into national and international agreements and standards relating to matters of concern or interest to the Company or persons represented by, or having dealings with the Company.



74. To acquire whether by purchase, lease, leave and licence, exchange or otherwise whether as members of co-operative Housing Societies, as members of associations of apartment owners or condominiums or otherwise howsoever, office premises, factory premises, residential premises and other such accommodation.
75. To hold, deal with, manage, direct the management of, buy, sell, exchange, mortgage, charge, lease, dispose of, or grant any right or interest in over or upon any real or personal property of any kind whatsoever, including contingent and reversionary interests in any property and to undertake and carry on any business undertaking or transaction.
76. To issue and allot fully or partly paid shares in the capital of the Company in payment or part payment of any real or personal property purchased or otherwise acquired by the Company or any services rendered to the Company.
77. To lend and advance money or give credit to any person or company; to guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company; to secure or undertake in any way the repayment of money lent or advanced to or the liabilities incurred by any person or company; and otherwise to assist any person or company; provided that the Company shall not carry on the business of banking within the meaning of the Banking Regulation Act, 1949.
78. To take or hold mortgages, liens and charges to secure payment of the purchase price or any unpaid balance of the purchase price of any part of the Company's property of whatsoever kind sold by the Company, or any money due to the Company from purchasers and others.
79. To remunerate any person or Company for services rendered, or to be rendered, in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debentures or other securities of the Company or in or about the Organisation, formation or promotion of the Company or the conduct of its business.
80. To sell, improve, manage, develop, exchange, lease, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.
81. To manage, improve, farm, cultivate, explore, maintain, lease, underlet, exchange, sell or otherwise deal with and dispose of, all or any part of the lands and buildings or other real property of the Company.
82. To appropriate any part or parts of the property of the Company for the purposes of, and to build and let or sell, shops, offices and other places of business.
83. To let out such part of the property of the Company as may not be immediately required for the principal business of the Company.
84. To carry out all, or any of the objects of the Company in any part of the world and either as principal agents, contractor, or trustees, or otherwise, and either alone or in conjunction with others.
85. To carry on any business or branch of business which the Company is authorised to carry on by means, or through the agency of, any subsidiary company or companies, and to organise, promote and incorporate such subsidiary company or companies, and to enter into any arrangement with such subsidiary company for taking the profits and bearing losses of any business or branch so carried on, or for the financing any such subsidiary company or guaranteeing its liabilities, or to make any other arrangements which may seem desirable with reference to any business or branch so carried on including power at any time and either temporarily or permanently to close any such branch or business.
86. To appoint or nominate Directors or Managers of any subsidiary company or of any other company in which the Company is or may be interested.
87. To take part in management, supervision or control of the business or operation of any company or undertaking and for that purpose to appoint, remunerate any directors, managers, accountants or other experts or officers.

88. To insure the whole or any part of the property of the Company either fully or partially, to protect and indemnify the Company from liability or loss in respect thereof either fully or partially.

And other clauses be renumbered accordingly.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary and to settle any question, difficulty or doubt that may arise in this regard at any stage, and to sign and execute all deeds, application documents and writing that may be required, on behalf of the Company and generally to do all acts, deeds along with filing of necessary e-form and things that may be necessary, proper, expedient or incidental, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized, to delegate all or any of the powers to any Committee of Directors or to any other officer(s) / authorized representative(s) of the Company, to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

ITEM NO. 12: TO APPROVE ALTERATION AND ADOPTION OF RESTATED ARTICLES OF ASSOCIATION OF THE COMPANY

To consider and, if thought fit, to pass the following resolution with or without modification, as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 5, Section 14 of the Companies Act, 2013 (“Act”) and all other applicable provisions of the Act and the Companies (Incorporation) Rules, 2014 made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the necessary approval(s), permissions, consents and sanctions, from any statutory authority and all other applicable laws and regulations, the consent of the Members of the Company be and is hereby accorded for the existing articles of association of the Company to be repealed and substituted by the draft restated articles of association of the Company incorporating the provisions of the amended and restated shareholders agreement dated July 10, 2024, a draft of which was circulated to the Shareholders and is placed before the meeting (which be and is hereby specifically approved), in substitution of the existing Articles of Association of the Company.”

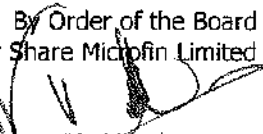
“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to take all such steps and actions and give such directions as it may in its absolute discretion deem necessary that may be required for the purpose of alteration of the articles of association of the Company and to settle any question, difficulty or doubt that may arise in this regard at any stage, and to sign and execute all deeds, application documents and writing that may be required, on behalf of the Company and generally to do all acts, deeds along with filing of necessary e-form and things that may be necessary, proper, expedient or incidental, without being required to seek any further consent or approval of the Members of the Company or otherwise to the end and intent that the Members of the Company shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized, to delegate all or any of the powers to any Committee of Directors or to any other officer(s) / authorized representative(s) of the Company, to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”


Place: Hyderabad

Date: September 04, 2024

By Order of the Board
For Share Microfin Limited



Koti Venkata Rao
Managing Director
(DIN: 08245503)

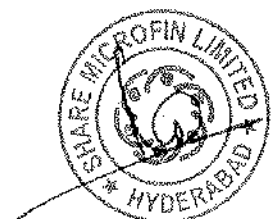


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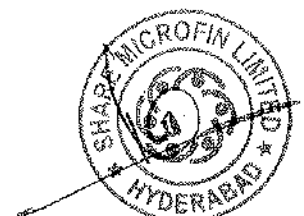
- 1) Explanatory Statement pursuant to Section 102 of the Act, in respect of Special business set out above is annexed hereto.
- 2) The Ministry of Corporate Affairs ('MCA') has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022, December 28, 2022 and September 25, 2023 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting (AGM) through VC/OAVM without the physical presence of the Members at a common venue. In compliance with the provisions of the Act, other applicable regulations and circulars as issued from time to time, the AGM of the Company is being held through VC/OAVM. Hence, Members can attend and participate in the ensuing AGM through VC / OAVM only.

Alternatively the Company may hold the AGM with physical presence of some Members, with the facility of VC/OAVM, so as to allow other Members of the Company to participate in such meeting. In compliance with the applicable provisions of the Act (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (the "Rules"), as amended from time to time, read with the MCA Circulars, the AGM of the Company is scheduled to be held on **Monday, the 30th day of September, 2024 at 11:00 A.M. (IST)** with suitable arrangements for the shareholders and others entitled to attend the AGM, at its Corporate Office at 4th Floor, Amsri Eden Square, 9-1-87 & 9-1-119/1, St. Johns Road, Secunderabad - 500003, Telangana, India and also through VC/OAVM; and the voting for items to be transacted in the Notice to this AGM also through voting / poll conducted through remote electronic voting process ("e-Voting").

- 3) In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended March 31, 2024 consisting of financial statement including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Annual Report) is being sent to those Members and others entitled to receive the same, whose e-mail addresses are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and no physical copy of the Notice has been sent by the Company to any Member. The Notice for this Meeting along with requisite documents and the Annual Report for the financial year ended 2023-24 will also be available on the Company's website [www.sharemicrofin.com].
- 4) In terms of the aforesaid Circulars, the businesses set out in the Notice will be transacted by the Members either by show of hands or through voting / poll conducted via e-voting system provided during the meeting while participating through VC / OAVM facility.
- 5) The Board has appointed Mr. P M V Subba Rao, Practicing Company Secretary as the Scrutinizer for the purpose of scrutinizing the e-voting system provide in the Meeting in a fair and transparent manner. The Company shall be providing the facility of voting through e-mail which shall be sent to the designated e-mail id of the Scrutinizer i.e. csubbarao@gmail.com. The ballot form detailing the resolutions to pass at the AGM is annexed to and forms part of this Notice.
- 6) Voting rights of the Members for voting through e-voting system provide in the Meeting itself shall be in proportion to shares of the Paid-Up Equity Share Capital of the Company as on the cut-off date / Record Date i.e. **Monday, the 30th day of September, 2024**. A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners (as at the end of the business hours) maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of e-voting system provide in the Meeting.
- 7) In accordance with the aforementioned MCA Circulars, the Company has made arrangements for providing the VC facility to the Members for participating in the Meeting. The Members are requested to follow the following instructions in order to participate in the Meeting through VC mechanism:
 - a) The login-id details for joining the meeting will be separately provided.
 - b) The facility for joining the Meeting shall be kept open 15 minutes before the time scheduled to start the meeting i.e. 10:45 A.M. and continue to remain till 15 minutes from the time scheduled for commencement of meeting.



- c) Members who hold shares in dematerialised form are requested to furnish their Client ID and DP ID Nos. and Members who hold shares in physical form are requested to furnish their folio number for easy identification of attendance at the Meeting.
 - d) In the case of joint shareholders, participation of single Member shall only be allowed at a time.
 - e) Members seeking any information with regard to the accounts or any matter to be placed at the AGM are requested to write to the Company at least seven working days in advance of the meeting through email to secretarial@sharemicrofin.in so that the answers may be made readily available. The same will be replied by the Company suitably.
 - f) Members are requested to e-mail at secretarial@sharemicrofin.in or call at 040-27808380 in case of any technical assistance required at the time of log in / assessing / voting at the Meeting through VC.
- 8) In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
- 9) PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MINISTRY OF CORPORATE AFFAIRS CIRCULARS THROUGH VC / OAVM, PHYSICAL ATTENDANCE OF MEMBERS IS ONLY ARRANGED FOR THE CONVENIENCE OF THE MEMBERS AND AS SUCH PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.**
- 10) The Body Corporate(s) are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF Format) of its Board or governing body Resolution / Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through email (to designed email address). The said Resolution / Authorization shall be sent through email address registered with the Company, Registrar and Share Transfer Agent / Depository Participant (DP) to secretarial@sharemicrofin.in, at least 48 hours before the meeting.
- 11) Ministry of Corporate Affairs (MCA), vide notification dated September 10, 2018, mandated Unlisted Public Companies to issue securities in dematerialization form only. Further Rule 9A(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that every holder of securities of an unlisted public Company, who intends to transfer such securities or who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after October 02, 2018, shall get such securities dematerialised before the transfer; or ensure that all existing securities are held in dematerialized form before such subscription, respectively. Accordingly Members holding shares in physical mode are requested to convert their holding to dematerialised mode.
- 12) Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the company in case the shares are held by them in physical form. Shareholders are requested to invariably quote their respective folio number/s (for those holding shares in physical form) and their respective DP ID / Client ID number (for those holding shares in electronic/demat form) in any correspondence with the Company or Company's Registrar and Share Transfer Agent.
- 13) As per Section 72 of the Act, facility for making nomination is available for the Members in respect of the shares held by them. Members holding shares in single name and who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record fresh nomination, he may submit the same in Form No. SH 14. Members holding shares in physical form are requested to obtain the nomination forms from the Company. Members holding shares in electronic form may obtain the nomination forms from their respective Depository Participants.



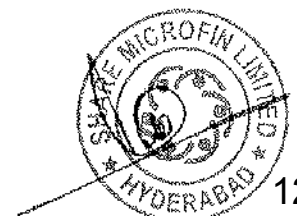
- 14) Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
- 15) Members desiring inspection of the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and other statutory registers, and all documents referred to in the notice and explanatory statement, can send an e-mail to secretarial@sharemicrofin.in up to the date of the AGM, and shall be made available for inspection during the Meeting. The relevant extracts of registers may be provided upon request. The said documents will also be available for inspection by Members at the Registered Office of the Company between 03:00 P.M. and 05:00 P.M. on all working days of the Company.
- 16) To facilitate Members to receive Notice and Annual Report electronically; and cast their vote electronically, the Company has made necessary arrangement for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to Company or their respective DP, are advised to provide their e-mail address to the Company by sending email to secretarial@sharemicrofin.in, on or before 5:00 P.M. (IST) on Saturday, the 28th day of September, 2024 pursuant to which, any Member may receive on the e-mail address provided by the Member, the Annual Report for FY24 and the procedure for voting at the meeting.
- 17) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, either by show of hands or by use of e-voting system for all those Members who are present during the AGM through VC/OAVM. The results of e-voting system provided in the Meeting shall be aggregated and declared on or after the Meeting of the Company by the Chairman or by any other person duly authorised in this regard. The results declared along with the report of the scrutinizer will be disseminated for the information of all concerned as per Companies Act, 2013.
- 18) The venue of the AGM would be deemed to be at the Corporate Office of the Company at 4th Floor, Amsri Eden Square, 9-1-87 & 9-1-119/1, St. Johns Road, Secunderabad - 500003, Telangana, India. For the convenience of the Members the Company is making necessary arrangements at the Corporate Office for participating in the AGM through Electronic Mode [VC / OAVM]. The Registered Office of the Company is situated at 1-224/58, Rajeev Nagar, Nacharam, Hyderabad – 500076, Telangana.
- 19) All correspondence regarding shares of the Company and matters related thereto, should be addressed to the Company's Registrar and Transfer Agent ("RTA"), viz., Aarthi Consultants Private Limited, 1-2-285, Domalguda Hyderabad – 500029; Tel: 040-27638111; email: info@aarthiconsultants.com
- 20) Members, who have not updated their latest e-mail address in the records of the Company / Depository Participant, are requested to update the same.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

The Company will provide Video Conferencing facility for the AGM. Members will be able to attend the AGM through VC / OAVM by using their remote login credentials. Physical attendance of the Shareholders at the Meeting venue is not required. The Company will intimate the login credentials 48 hours before the AGM by respective emails. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM. Members, who need assistance before or during the AGM, can contact the Company at 040-27808380 or at secretarial@sharemicrofin.in.

Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending prior request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at secretarial@sharemicrofin.in at any time before Saturday, the 28th day of September, 2024 (5:00 P.M. IST).

Those Members who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM through VC/OAVM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The voting at the meeting may be either by show of hands or by poll conducted through VC / OAVM.



**ANNEXURE TO NOTICE
EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102
OF THE COMPANIES ACT, 2013**

In conformity with Section 102 of the Companies Act, 2013 the following Explanatory Statement sets out all material facts relating to the Businesses mentioned in the accompanying Notice, and should be taken as forming part of the Notice.

ITEM NO. 3: APPOINTMENT OF M/S RAY & RAY, CHARTERED ACCOUNTANTS AS THE STATUTORY AUDITORS OF THE COMPANY

Section 139 of the Companies Act, 2013 provides that specified public company shall not appointment an audit firm as auditor for more than two terms of five consecutive years. Further, in terms of Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 ("RBI Guidelines") dated April 27, 2021 NBFC will have to appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. However, non-deposit taking NBFCs with asset size below Rs.1,000 Crore have the option to continue with their extant procedure.

As per Section 139 of the Companies Act, 2013 ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014 and Guidelines for Appointment of Statutory Auditors issued by the RBI, the Members of the Company at the 22nd AGM, held on September 29, 2021 appointed M/s Nangia & Co LLP, Chartered Accountants, Firm Registration No. 002391C/N500069, having a valid Peer review Certificate issued by the Peer Review Board of ICAI, as Statutory Auditors of the Company for a term of three years effective from the conclusion of 22nd AGM till the conclusion of the 25th AGM to be held in the year 2024, as it was envisaged that the asset size would exceed Rs.1000 Crore over the next three years.

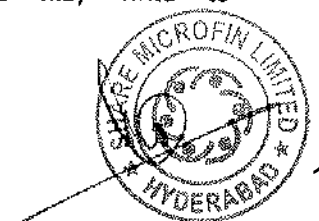
Upon Company's request for considering reappointment, M/s Nangia & Co LLP, Chartered Accountants have expressed their unwillingness to be reappointed. Accordingly, pursuant to the provisions of Sections 139 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, and in terms of RBI Circular, Company's policy for appointment of Statutory Auditors, subject to approval of Members, as required and after considering the recommendation of Audit Committee, Board has shortlisted and proposed the appointment of M/s Ray & Ray, Chartered Accountants, (Firm Registration No. 301072E), as Statutory Auditors of the Company for the period of five years starting from conclusion of this AGM till the conclusion of 30th AGM of the Company to be held in calendar year 2029.

M/s. Ray & Ray, is registered with the Institute of Chartered Accountants of India (Registration No. 301072E). M/s. Ray & Ray, Chartered Accountants, is one of the leading CA firms in India with its head office in Kolkata. The firm has a pan India presence through its branch offices in major metropolitan cities and offers audit, tax and advisory services in India and abroad. M/s. Ray & Ray, Chartered Accountants, over the last hundred years, since its inception in 1922, has grown into an institution that embodies the highest standards of professional integrity, values and expertise. M/s. Ray & Ray, Chartered Accountants, has branch offices located in major metro cities in India including New Delhi, Mumbai, Bangalore & Chennai and have dedicated team of professionals capable of offering services across a range of verticals at any location within India or abroad.

As per the requirement of the Companies Act, 2013, M/s Ray & Ray, Chartered Accountants, being eligible in terms of RBI Circular and other applicable provisions have provided their eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and RBI Circulars, vide their letter dated September 04, 2024.

A special notice has been received under Section 140(4)(i) of the Companies Act, 2013 from a Member proposing appointment of M/s Nangia & Co LLP, Chartered Accountants, as the Statutory Auditors. The Audit Committee has considered the qualification and experience of the proposed Statutory Auditors and has recommended their appointment as above.

Documents related to appointment of M/s Ray & Ray, Chartered Accountants, as Statutory Auditor setting out the terms and conditions of appointment will be made available for inspection of the Members during business hours on all working days up to the date of the AGM and the same shall also be available for inspection of the Members during the AGM. Members intending to inspect the documents may write to secretarial@sharemicrofin.in.



Since the resignation of existing Statutory Auditors is effective from the conclusion of this AGM and new Audit firm is being appointed w.e.f. same date subject to shareholders approval, there will be no vacancy in terms of Section 139(8).

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested financially or otherwise, in the said Resolution.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out in Item No. 3 of the Notice for reappointment and payment of remuneration to the Statutory Auditors.

ITEM NO. 4: TO REGULARIZE THE APPOINTMENT OF MR. SURESH KISHINCHAND KHATANHAR AS AN INDEPENDENT DIRECTOR:

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, at its Meeting held on September 04, 2024 appointed Mr. Suresh Kishinchand Khatanhar (DIN 03022106), as an Additional Director (in the capacity of Independent Director) of the Company, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company. Pursuant to provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Suresh Kishinchand Khatanhar holds office only up to the date of this Annual General Meeting of the Company.

In terms of the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Suresh Kishinchand Khatanhar being eligible, is proposed to be appointed as a Non-Executive Independent Director for five consecutive years with effect from September 04, 2024. The Company has received notice under Section 160 of the Act from a Member signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from Mr. Suresh Kishinchand Khatanhar. Further, he is neither disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.

In the opinion of the Board, Mr. Suresh Kishinchand Khatanhar fulfils the conditions as set out in Section 149(6) and Schedule IV of the Act and is thereby eligible for appointment as an Independent Director.

The Company has also received all statutory disclosures / declarations from Mr. Suresh Kishinchand Khatanhar including, (i) consent in writing to act as Director in Form DIR 2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR 8 in terms of the Appointment Rules to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Act, and (iii) a declaration that he meets with the criteria of independence as prescribed under Section 149(6) of the Companies Act 2013 along with all other statutory disclosures and declarations.

Brief profile of Mr. Suresh Kishinchand Khatanhar is as follows:

Mr. Suresh Kishinchand Khatanhar has an exceptional track record of over four decades in Commercial Banking viz. Retail Banking, Priority Sector lending including MFI & Securitization, Corporate Banking, Infrastructure Finance, Project Finance, International Banking, Treasury Management & Relationship Management, CMS Business, Digital Banking, Risk Management, Audit functions, Compliance, Remedial Management, Credit monitoring. He played a vital role in the formulation of policies and business strategies aimed at improving the performance, and further strengthening the position of the respective entity in the financial system.

He was associated as Deputy Managing Director (Whole Time Director) of IDBI Bank Limited, a diversified financial services conglomerate, since 2020 to 2024. During this tenure he managed Retail Banking Business of Rs.3.85 lakh Crore (Deposit of R.2.60 lakh Crore, Advances of Rs.1.25 lakh Crore) and motivated over 16000 employees, through effective communication & culture building initiatives, to achieve goals of the organization.

He started career with erstwhile Dena Bank in 1984 & gained experience of Branch Banking, HR functions & handled BIFR accounts. As a career progression, in 1997, joined IDBI Bank a New generation Private Sector Bank. He occupied the office of Chairman of IDBI Intech Limited, and as Chairman of the Board of IDBI MF Trustee Company Limited.



During his fruitful career he occupied the office as Vertical Head of Mid Corporate Group, Trade Finance, Large Corporate Group. He also rendered his services as Chief Risk Officer, Chief Compliance Officer, Chief Audit Officer, Vertical Head- Priority Sector Group.

He is an Associate Member of Institute of Cost and Works Accountants of India, he hold Certificate of Master of Commerce, and he is also a Certified Associate of Indian Institute of Bankers.

The necessary information/disclosure in compliance with Secretarial Standard issued by the Institute of Company Secretaries of India, as on the date of Notice is provided in the annexure to the Notice of AGM and also hosted on the website of the Company. A copy of the draft Letter of Appointment for Independent Directors is available for inspection till the date of AGM. The Independent Director shall be entitled to sitting fees as decided by Board from time to time, pursuant to provisions of Companies Act, 2013.

Mr. Suresh Kishinchand Khatanhar, being the appointee, is interested in the resolution set out at Item No. 4 of the Notice. Save and except Mr. Suresh Kishinchand Khatanhar, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee considers the appointment of Mr. Suresh Kishinchand Khatanhar as an Independent Director in the interest of the Company and recommends the Special Resolution as set out at Item No. 4 for approval of Members.

ITEM NO. 5: TO REGULARIZE THE APPOINTMENT OF MR. TARON MOHAN AS AN INDEPENDENT DIRECTOR:

The Board of Directors, on the recommendation of Nomination and Remuneration Committee, at its Meeting held on September 04, 2024 appointed Mr. Taron Mohan (DIN 00287869), as an Additional Director (in the capacity of Independent Director) of the Company, in terms of the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company. Pursuant to provisions of Section 161 of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Taron Mohan holds office only up to the date of this Annual General Meeting of the Company.

In terms of the provisions of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Taron Mohan being eligible, is proposed to be appointed as a Non-Executive Independent Director for five consecutive years with effect from September 04, 2024. The Company has received notice under Section 160 of the Act from a Member signifying his candidature as an Independent Director of the Company. The Company has also received a declaration of independence from Mr. Taron Mohan. Further, he is neither disqualified from being appointed as a Director in terms of Section 164(2) of the Companies Act, 2013.

In the opinion of the Board, Mr. Taron Mohan fulfils the conditions as set out in Section 149(6) and Schedule IV of the Act and is thereby eligible for appointment as an Independent Director.

The Company has also received all statutory disclosures / declarations from Mr. Taron Mohan including, (i) consent in writing to act as Director in Form DIR 2, pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014 (ii) intimation in Form DIR 8 in terms of the Appointment Rules to the effect that he is not disqualified under Sub-Section (2) of Section 164 of the Act, and (iii) a declaration that he meets with the criteria of independence as prescribed under Section 149(6) of the Companies Act 2013 along with all other statutory disclosures and declarations.

Brief profile of Mr. Taron Mohan is as follows:

Mr. Taron Mohan is a Graduate in Engineering from the Indian Institute of Technology, Delhi. While studying he built a conversion kit for regular shuttle power looms into air-jet looms, using the winding drum from from M/s Leeson Corp in the US and building the rest of the machine here in India. Enhanced productivity by 230% with a 50% additional capex.

Mr. Taron Mohan has an exceptional track record in commissioning country's first and largest precision sheet metal fabrication facility, the country's first CAD/CAM software product company – laser / plasma cutting and sheet metal punching machines, the first mobile VAS service for ringtones / logos and picture messages in India. Supported telcos globally including the digital service delivery platforms for Nokia, Ericsson, Qualcomm, Alcatel. As an entrepreneur he is engaged in innovating and redefining mobile banking and payments across

the globe with a core focus on adding security and encryption capabilities to mobile devices enabling "secure transactions" on any device, extending to : (a) Digital currencies, (b) Secure ID and digital signatures, (c) Offline payments, secure transactions, and (d) TapNPay payments.

He is currently engaged in building the next generation of digital payments for: (a) Online M-commerce Card payments – enabling these are "card present", (b) Building on the SIM overlay secure transactional environment for mobile devices, (c) TapNPay payments, and exploring to build digital payments into vehicle telematics.

He was associated as an entrepreneur with M/s. Engineering Innovations Limited, M/s. ITIDA Cad Services Private Limited, M/s. Mobisoft Telesolutions Private Limited. Currently he is occupying the office of Director on the Board's of M/s. Mobipay Securiseservices Private Limited, and M/s. Nextgen Telesolutions Private Limited.

The necessary information/disclosure in compliance with Secretarial Standard issued by the Institute of Company Secretaries of India, as on the date of Notice is provided in the annexure to the Notice of AGM and also hosted on the website of the Company. A copy of the draft Letter of Appointment for Independent Directors is available for inspection till the date of AGM. The Independent Director shall be entitled to sitting fees as decided by Board from time to time, pursuant to provisions of Companies Act, 2013.

Mr. Taron Mohan, being the appointee, is interested in the resolution set out at Item No. 5 of the Notice. Save and except Mr. Taron Mohan, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board of Directors based on the recommendation of the Nomination and Remuneration Committee considers the appointment of Mr. Taron Mohan as an Independent Director in the interest of the Company and recommends the Special Resolution as set out at Item No. 5 for approval of Members.

ITEM NO. 6: TO TAKE ON RECORD THE CHANGE OF DESIGNATION OF MS. JUNIA SUCHARITA MUSUKU TO NON-EXECUTIVE AND NON-INDEPENDENT DIRECTOR OF THE COMPANY

Ms. Sucharita was appointed as a Whole Time Director of the Company, designated as Executive Director, with effect from November 17, 2020. However, Ms. Sucharita has resigned as the Whole Time Director (Executive Director) of the Company. However, from and with effect from the date of her resignation, she will continue to remain on the Board as a Non-Executive Director (as Nominee of Mr. M Udaia Kumar) in accordance with the Articles of Association of the Company.

The board of directors of the Company thereby proposed the re-designation of Ms. Junia Sucharita Musuku as a non-executive director of the Company, subject to the approval of the members of the Company. Your directors recommend the passing of the resolution as an ordinary resolution.

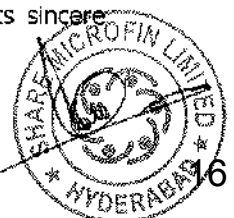
Mr. M Udaia Kumar and Ms. Sucharita, Executive Director, are interested in the resolution set out at Item No. 6 of the Notice. Save and except Mr. M Udaia Kumar and Ms. Sucharita, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

ITEM NO. 7: TO APPROVE FOR AND RATIFY REMUNERATION PAID TO MR. M UDAIA KUMAR, MANAGING DIRECTOR (DIN: 00017642) FOR THE PERIOD FROM APRIL 01, 2024 TO JULY 10, 2024

At the 24th Annual General Meeting of the Company held on September 23, 2023 Mr. M Udaia Kumar was reappointed as Managing Director for a term of five years effective from April 01, 2023 to March 31, 2028, on payment of remuneration of Rs.1.90 crore per annum, for the period commencing from April 01, 2023 to March 31, 2024. It was further resolved that the remuneration for the balance tenure shall be decided on annual basis subject to review by the Board.

In compliance with Section 197 of Companies Act, 2013 read with Schedule V therein, the Board at its meeting held on March 05, 2024 on the recommendation of Nomination and Remuneration Committee, and subject to approval of Members, approved and recommended for approval of Members, the payment of remuneration of Rs.1.90 Crore per annum, for a period of three years commencing from April 01, 2024 to March 31, 2027.

Subsequently at the Board Meeting held on July 10, 2024 Mr. M Udaia Kumar, Managing Director submitted his resignation, and the Board of Directors took note of the same. The Board of Directors placed its sincere



appreciation for services rendered by Mr. M Udaia Kumar since inception as Managing Director of the Company. The Board of Directors also recommended the ratification of remuneration paid to Mr. M Udaia Kumar, Managing Director for the tenure of his office commencing from April 01, 2024 till July 10, 2024 (date of resignation) and recommended the same for approval of Members of the Company as per applicable provisions of Companies Act, 2013.

Mr. M Udaia Kumar, Managing Director a Post Graduate in Commerce and Business Management has over 39 years of experience in Microfinance, Financial Inclusion industry. He has expertise in development administration, poverty alleviation, women empowerment, project management and mainstreaming people's empowerment in local governance. He is the founding member of Sa-Dhan and MFIN, SROs for microfinance sector; member of pre-budgetary consultative committee for Union Budget.

He has been associated with the Company since its inception and made significant contribution to the growth of the Company. His area of expertise includes Management and Strategy, Marketing, Finance, Investment, Treasury Management, International Project Management and Financial Services. He has an exceptional leadership track record, deep strategic expertise, a unique ability to forge long-standing client relationships, and proven experience of driving transformation and managing disruption.

At the Board Meeting held on March 05, 2024 Mr. M Udaia Kumar as Managing Director has submitted his consent to act as Managing Director of the Company and has provided a declaration that he is not disqualified from being appointed as a Managing Director in terms of Section 164 of the Companies Act, 2013 and meets the fit and proper criteria as specified in the Master Directions issued by Reserve Bank of India.

As per Section 197 of the Companies Act 2013, the total managerial remuneration payable to its directors, including Managing Director in respect of any financial year shall not exceed 11% of the net profits of that company for that financial year computed in the manner laid down in Section 198 of the Companies Act 2013. Provided that the Company in general meeting may, authorise the ratification or payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V. Under the Provisions of Section 197 read with Schedule V of the Companies Act, 2013, the ratification / payment of remuneration of a managing director, shall be in accordance with the conditions specified in Parts II of Schedule V subject to the provisions of Part III of that Schedule. The Statement of Information for the Members pursuant to Section II of Part II of Schedule V to the Act is annexed to this Notice.

Since, the Company has not committed any default to any of its secured creditors or public financial institutions, obtaining prior approval from the secured creditor / lenders is not required for the ratification of remuneration paid to Mr. M Udaia Kumar, Managing Director.

The necessary information/disclosure in compliance with Secretarial Standard issued by the Institute of Company Secretaries of India, as on the date of Notice is provided in the annexure to the Notice of AGM and also hosted on the website of the Company.

Mr. M Udaia Kumar fulfils all the conditions given under Section 196 and Schedule V of the Act. He is not disqualified under Section 164 from being appointed as the Director. In compliance with the requirements of Section 197 of the Act, since the remuneration paid exceed the ceiling limits prescribed under the Act, the resolution set out at Item No. 7 of this Notice is recommended as a Special Resolution.

This explanatory statement and the Resolution set out at Item No. 7 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013. The copy of the agreement with respect to the terms of remuneration entered into with Mr. M Udaia Kumar is available for inspection.

Mr. M Udaia Kumar, being the recipient of remuneration, and Ms. J Sucharita, Director being related to him, are interested in the resolution set out at Item No. 7 of the Notice. Save and except Mr. M Udaia Kumar and Ms. Sucharita, none of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board based on the recommendation of the Nomination and Remuneration Committee considered and approved the ratification of remuneration to Mr. M Udaia Kumar, Managing; and recommends the Special Resolution as set out at Item No. 7 for approval of Members.

ITEM NO. 8: APPOINTMENT OF MR. KOTI VENKATA RAO AS MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER OF THE COMPANY

In terms of the Nomination and Remuneration Policy of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on July 10, 2024, subject to the approval of the Members and the Central Government and / or such other Regulatory Authorities, as may be required, appointed Mr. Koti Venkata Rao (DIN: 08245503) as an Additional Director, and also as Managing Director and Chief Executive Officer of the Company w.e.f., July 11, 2024, for a period of five years.

Further, as per Section 196, 197, 198, 203 read with Schedule V of the Companies Act 2013, the Nomination and Remuneration Committee recommended, gross annual remuneration of Rs.2.40 Crore (which shall comprise of both fixed and variable components at the ratio of 70:30 respectively) together with certain other benefits/perquisites, to be paid to Mr. Koti Venkata Rao, for the period commencing from July 11, 2024 to July 10, 2025, as detailed in the resolution, which was approved by the Board of Directors of the Company at their meeting held on July 10, 2024, subject to the approval of the shareholders.

As per Section 197 of the Companies Act 2013, the total managerial remuneration payable to its directors, including Managing Director and Whole-Time Director, and its Manager in respect of any financial year shall not exceed 11% of the net profits of that company for that financial year computed in the manner laid down in Section 198 of the Companies Act 2013.

Provided that the company in general meeting may, authorise the payment of remuneration exceeding 11% of the net profits of the company, subject to the provisions of Schedule V. Under the Provisions of Section 197 read with Schedule V of the Companies Act, 2013, the appointment or reappointment of a managing director, shall be in accordance with the conditions specified in Parts I and II of Schedule V subject to the provisions of Part III of that Schedule.

Mr. Koti Venkata Rao aged about 61 years, holds Bachelor of Science in Botany, Zoology and Chemistry, from Andhra Christian College, Guntur; and also holds Masters in Business Administration in Marketing and Advertising practices, from Institute for Social Sciences and Research, Vellore. Mr. Koti Venkata Rao is a skilled Retail Financial professional with over 35 years of work experience in retail industry and demonstrated success, learning new fields quickly. His area of expertise includes Operational leadership, Organizational turnaround, Corporate leadership, Operating budgets, New market penetration, Risk management, Staff Management, Business Development, Business planning, Risk Assessments, Operational Oversight, and Operations management.

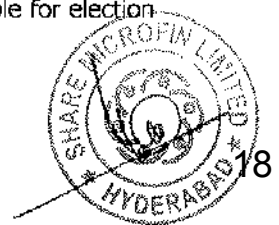
Earlier he has been associated with Blue Dart Courier Services, Nagarjuna Investment Trust Limited, Esanda Finanz, Lloyds Finance Limited, Standard Chartered Bank, Sundaram Home Finance Limited, Bharat Financial Inclusion Limited. He was also associated with Indusind Bank Limited as advisor and revamped operational process for Microfinance business of Bharath Financial Inclusion Limited, and has successfully resolved gaps emerged post COVID, and brought back operational discipline, and ensured time tested Joint Lending Group model back on its feet.

It was noted that Mr. Koti Venkata Rao has an exceptional leadership track record, deep strategic expertise, a unique ability to forge long-standing client relationships, and proven experience of driving transformation and managing disruption.

Mr. Koti Venkata Rao has consented to act as an Managing Director and Chief Executive Officer of the Company in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Managing Director and Chief Executive Officer of the Company in terms of Section 164 of the Companies Act, 2013. A copy appointment letter contain the terms and conditions of appointment of is available for electronic inspection till the date of the AGM.

Mr. Koti Venkata Rao has an exceptional leadership track record, deep strategic expertise, a unique ability to forge long-standing client relationships, and proven experience of driving transformation and managing disruption. The Board of Directors believe that Mr. Koti Venkata Rao is the right person to lead Share Microfin Limited in its next phase of growth.

In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Koti Venkata Rao shall hold office up to the date of the ensuring Annual General Meeting of the Company, and shall be eligible for election



subject to the approval of the Members. In accordance with the provisions of Section 160 of the Companies Act, 2013, the Company has received a notice in writing from a Member proposing the candidature of Mr. Koti Venkata Rao to be appointed as Managing Director and Chief Executive Officer Director of the Company. In accordance with the provisions of Section 152, 196, 197 and 203 and other applicable provisions of the Companies Act, 2013, approval of the Members is required for appointment of Mr. Koti Venkata Rao as Managing Director and Chief Executive Officer of the Company with effect from July 11, 2024.

Since, the Company has not committed any default to any of its secured creditors or public financial institutions, obtaining prior approval from the secured creditor / lenders is not required for payment of remuneration to Mr. Koti Venkata Rao, Managing Director and Chief Executive Officer.

The necessary information/disclosure in compliance with Secretarial Standard issued by the Institute of Company Secretaries of India, as on the date of Notice is provided in the annexure to the Notice of AGM and also hosted on the website of the Company.

Mr. Koti Venkata Rao fulfils all the conditions given under Section 196 and Schedule V of the Act. He is not disqualified under Section 164 from being appointed as the Director. In compliance with the requirements of Section 197 of the Act, since the remuneration paid exceed the ceiling limits prescribed under the Act, the resolution set out at Item No. 8 of this Notice is recommended as a Special Resolution.

This explanatory statement and the Resolution set out at Item No. 8 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013. All documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on any working day, except Saturdays, Sunday and other public holidays, till the date of AGM.

The Board based on the recommendation of the Nomination and Remuneration Committee considered and approved the payment of remuneration to Mr. Koti Venkata Rao, Managing Director and Chief Executive Officer; and recommends the Special Resolution as set out at Item No. 8 for approval of Members.

Mr. Koti Venkata Rao, being the recipient of remuneration is interested in the resolution set out at Item No. 8 of the Notice. Save and except Mr. Koti Venkata Rao, Managing Director, none of the Directors or Key Managerial Personnel of the Company and / or their relatives, are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item No. 8 of the Notice.

THE STATEMENT AS REQUIRED PURSUANT TO SCHEDULE V TO THE COMPANIES ACT, 2013 READ WITH SECTION 196 AND SECTION 197 THAT NEEDS TO BE ANNEXED AS EXPLANATORY STATEMENT TO NOTICE OF GENERAL MEETING FOR ITEM NO. 7 AND ITEM NO. 8 IS AS UNDER:

I. General Information:

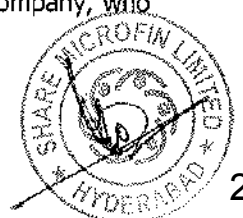
- 1) Nature of Industry: The Company is engaged in providing financial services to individuals through the organization of Joint Liability Groups. The Company provides financial services to individuals as per NBFC MFI guidelines of Reserve Bank of India.
- 2) Date of Commencement of Commercial Operation: April 20, 1999
- 3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable, as the Company is an existing Company in operation.
- 4) Financial performance based on given indicators.

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Total Income	211.10	166.78	141.46	164.28	88.76
Total Expenses	187.18	160.56	137.50	159.97	86.63
Profit / Loss before tax	21.06	1.49	3.12	4.31	2.13
Profit / Loss after tax	15.51	2.51	3.15	4.31	2.13

- 5) Foreign investments and collaborations, if any: As on March 5, 2024 the foreign holding in the Equity Share Capital of the Company was at 47.16%. The Company does not have any foreign collaboration.

II. Information about the appointee: Mr. M Udaia Kumar, Managing Director

- 1) Background details
- Educational Qualification: MBA, M. Com., D.D.S.
 - Membership of Professional Societies:
 - Council of Practitioners, Micro Credit Summit, Washington, D.C., USA.
 - CASHPOR, Network of Grameen Bank Replicators Asia, Seremban, Malaysia
 - Sa-dhan, Association of Community Development Finance Institutions, New Delhi, INDIA.
 - INDNET, Network of Indian Credit and Savings Programs, Hyderabad, INDIA
 - Mr. M. Udaia Kumar was trained in Micro finance at University of Colorado, USA Grameen Trust and Developmental Studies in UK.
- 2) Past remuneration
During FY 2023-24 he was holding the office of Managing Director with the Company; and remuneration of Rs.1.90 crore was approved by the Members at the Annual General Meeting held on September 23, 2023.
- 3) Recognition or awards:
- "Change Makers" award for the year 1997 given by Dr. Reddy's Foundation.
 - "Bharat Jyothi" award for the year 1999 given by International Integrity Peace & Friendship society.
 - "Rashtriya Ekta Award" for the year 1999 presented by the Delhi Chief Minister, Ms. Sheila Dixit.
 - "Excellence in Micro Credit Award" by the Grameen Foundation and Rockefeller Foundation, New York, USA.
 - "Lifting Up the World with a Oneness-Heart" award presented by the Chinmoy Mission, on behalf of the Peace Meditation at the United Nations in New York City.
 - "Microfinance Messaiah" - Business Today has termed him as "Microfinance Messaiah" in its magazine February 15, 2004
- 4) Job profile and suitability
The job profile of Managing Director comprise of developing and executing the company's business strategies and providing strategic advice to the Board. He plays critical role in preparation and implementation of comprehensive business plans, market development activities and establishing policies and legal guidelines. He will also be responsible for oversee the company's financial performance, investments and other business ventures, translate vision and strategy into feasible business or operational plans to achieve strategic success for the Company.
- The Board strongly believes that Mr. M Udaia Kumar's exceptional commercial experience and leadership stature will multiply the Company's commitment to creating lasting value for all its stakeholders.
- 5) Remuneration proposed or ratified: Rs.58 Lakh
- 6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The executive remuneration in the industry is on the rise. The Nomination and Remuneration Committee constituted by the Board perused remuneration of managerial personnel in the NBFC industry and other companies comparable with the size of the Company, industry benchmark in general, and accorded due cognizance to all these factors before approving the remuneration as proposed hereinabove. Considering qualifications, background, experience and competence of Mr. M Udaia Kumar and the responsibility shouldered by him, the remuneration proposed is considered to be much lower.
- 7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.: Mr. M Udaia Kumar, Managing Director is also the promoter of the Company, who holds 12.06% of the total Equity Share Capital of the Company.



II. Information about the appointee: Mr. Koti Venkata Rao, Managing Director and Chief Executive Officer

1) Background details

Educational Qualification:

- i) Botany, Zoology and Chemistry, Bachelor of Sciences Andhra Christian College, Guntur (1979 – 1982).
- ii) Marketing and Advertising practices, MBA Institute for Social Sciences and Research, Vellore (1983-1985).

2) Past remuneration: Rs.1.80 Crore per annum

3) Recognition or awards: Nil

4) Job profile and suitability:

The job profile of Managing Director and Chief Executive Officer comprise of developing and executing the company's business strategies and providing strategic advice to the Board. He plays critical role in preparation and implementation of comprehensive business plans, market development activities and establishing policies and legal guidelines. He will also be responsible for oversee the company's financial performance, investments and other business ventures, translate vision and strategy into feasible business or operational plans to achieve strategic success for the Company.

The Board strongly believes that Mr. Koti Venkata Rao's exceptional commercial experience and leadership stature will multiply the Company's commitment to creating lasting value for all its stakeholders.

5) Remuneration proposed: As specified in the Resolution.

6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The executive remuneration in the industry is on the rise. The Nomination and Remuneration Committee constituted by the Board perused remuneration of managerial personnel in the NBFC industry and other companies comparable with the size of the Company, industry benchmark in general, and accorded due cognizance to all these factors before approving the remuneration as proposed hereinabove. Considering qualifications, background, experience and competence of Mr. Koti Venkata Rao and the responsibility shouldered by him, the remuneration proposed is considered to be much lower.

7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.: None

III. Other Information:

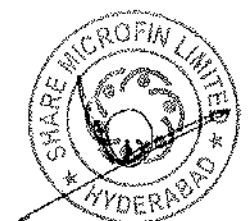
1) Reasons for inadequate profits

The Government of Andhra Pradesh promulgated "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Ordinance 2010" on October 15, 2010, subsequently enacted the same as "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011" on December 31, 2010, which was notified by Gazette on January 1, 2011. As a result, the Company incurred substantial losses, primarily on account of loan provisioning, and faced liquidity constraints for servicing its loan borrowings.

2) Steps taken or proposed to be taken for improvement

During March 2023, the Company executed Payment Agreement 2023 with all the erstwhile lenders and discharged its outstanding debts in entirety. During the year the Company has initiated the process of acquiring the growth funding through term loans, business correspondence and direct assignment transactions; and consequently, there is scope for asset under management to increase substantially.

3) Expected increase in productivity and profits in measurable terms.



With inflow of growth funding, optimum utilization of manpower, and expansion of branches, the Company is confident that the steps state above will fructify and profits would be generated.

ITEM NO. 9: AUTHORIZATION TO BORROWING LIMITS &

ITEM NO. 10 AUTHORIZATION FOR CREATION OF CHARGE / ENCUMBRANCE ON THE ASSETS

Keeping in view the Company's existing and future financial requirements to support its business operations, the Company needs additional funds and the Company has initiated the process of acquire the growth funding. The Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons/ individuals as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) may exceed the aggregate of the Paid-Up Capital of the Company, its Free Reserves and Securities Premium.

Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the Paid-Up Capital of the Company, its Free Reserves and Security Premium at any one time except with the consent of the Members of the Company in a general meeting.

In order to facilitate securing the borrowing made by the Company, it would be necessary to create charge on the assets or whole or part of the undertaking of the Company. Section 180(1)(a) of the Companies Act, 2013 provides for the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of Members in the General Meeting.

The Shareholders of the Company at their Annual General Meeting held on September 23, 2023 accorded approval to borrow money and create security for borrowings made, not exceeding Rs.5000 Crore any point in time. As a better corporate governance practice, even though the consent of Shareholders was already obtained, the Board of Directors considered it appropriate to seek the approval of shareholders afresh for borrowings and creation of security interest on borrowings, not exceeding Rs.5000 Crore at any point in time, in terms of Articles of Association of the Company.

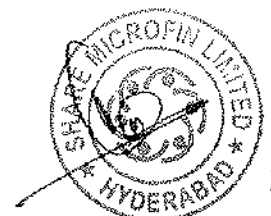
None of the Directors or Key Managerial Personnel of the Company and / or their relatives, are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item Nos. 9 & 10 of the Notice.

The Board of Directors recommends the Special Resolutions set out at Item Nos. 9 & 10 of the accompanying Notice for approval by the Members.

ITEM NO. 11 & 12: TO APPROVE ALTERATION OF MEMORANDUM OF ASSOCIATION OF THE COMPANY; AND TO APPROVE ALTERATION AND ADOPTION OF RESTATED ARTICLES OF ASSOCIATION OF THE COMPANY

The Company has acknowledged "Amended Shareholders Agreement" dated July 09, 2024 entered into among the shareholders of the Company, *inter alia* to entrench the Articles of Association of the Company. Pursuant to the execution of the "Amended Shareholders Agreement", the Company is required to alter its Articles of Association to incorporate the clauses relating to "Amended Shareholders Agreement" by adopting the restated Articles of Association of the Company. Thus, it is proposed to amend the existing Articles of Association of the Company so as to incorporate the relevant provisions of the "Amended Shareholders Agreement" into the Articles of Association and to adopt a new set of Articles of Association in substitution, and to the entire exclusion of the existing Articles of Association of the Company. The Board of the Company at its meeting held on July 10, 2024 resolved, subject to approval of the Members of the Company, to amend the existing Articles of Association.

It is proposed that Articles of Association shall consist of two parts, viz., the first part shall confirm to the requirements as mandated for public limited Company under Companies Act, 2013 read with Schedules and Rules made thereunder, and shall exclude all investors rights (hereinafter referred to as "Part A") and the second part shall comprise of clauses pertaining to "Amended Shareholders Agreement" (hereinafter referred to as "Part B"), and in the event of any inconsistency between Part A and Part B, the provisions of Part B shall prevail over Part A. However Part B will automatically terminate and will cease to have any force and effect on and from the date of termination of "Amended Shareholders Agreement" as per the terms of the "Amended Shareholders Agreement" or any may be mutually agreed by the parties to the "Amended Shareholders Agreement" without any further action by the Company or by the Shareholders.



A copy of the existing Articles of Association as well as amended and restated Articles of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day up to the date of Annual General Meeting of the Company.

Pursuant to provisions of Section 5 and Section 14 of Companies Act, 2013, alteration, and entrenchment, of Articles of Association requires approval of Members by way of Special Resolution. The approval of the Members is accordingly being sought by way of Special Resolution under Section 5 and Section 14 of the Companies Act, 2013.

The Companies Act, 2013, has prescribed a new format of Memorandum of Association ("MOA") for public companies limited by shares. Accordingly, with a view to align the existing Memorandum of Association of the Company with Table A of the Schedule I of the Act and in accordance with Section 4 and 13 of the Act, it is proposed to alter the Memorandum of Association of the Company by merging appropriate and relevant Objects under Table A of the Schedule I of the Act. Accordingly, Clause III (A) of the Memorandum of Association of the Company, be renamed as under: "III (A) THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION:", Clause III (B) of the Memorandum of Association of the Company, be renamed as under: "(B) – MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) are:", and Clause III (C) 'Other objects' of the Memorandum of Association of the Company be and is hereby deleted in its entirety.

The Board of Directors of the Company at its meeting held on July 10, 2024 resolved, subject to approval of the Members of the Company, to amend the existing Memorandum of Association to align the same as per Table A of Companies Act, 2013. Pursuant to provisions of Section 13 of Companies Act, 2013, amendment of Memorandum of Association requires approval of Members by way of Special Resolution. The approval of the Members is accordingly being sought by way of Special Resolution under Section 13 of the Companies Act, 2013.


The draft Copy of the Memorandum of Association of the Company is available for inspection at the Registered Office of the Company on any working day during Business Hours till the date of Annual General Meeting. The Amendment shall be effective upon the registration of the Resolution with the Registrar of the Companies

None of the Directors or Key Managerial Personnel of the Company and / or their relatives, are in anyway deemed to be concerned or interested, financially or otherwise, in the Resolutions as set out in Item Nos. 11 & 12 of the Notice.


The Board of Directors recommends the Special Resolutions set out at Item Nos. 11 & 12 of the accompanying Notice for approval by the Members.

Place: Hyderabad
Date: September 04, 2024

By Order of the Board
For Share Microfin Limited



Koti Venkata Rao
Managing Director
(DIN: 08245503)



Annexure I

Details of Directors seeking appointment / reappointment and/or fixation of remuneration of Directors at the Annual General Meeting [Pursuant to Secretarial Standards 2 on General Meetings]

Name of the Director	Mr. M Udaia Kumar	Mr. K Venkata Rao	Mr. Verghese Kurudamannil Jacob	Mr. Suresh Kishinchand Khatanhar	Mr. Taron Mohan	Ms. J Sucharita
DIN	00017642	08245503	03432508	03022106	00287869	00184698
Date of birth / age	06-01-1957 / 66 years	07/09/1962 / 61 years	09-02-1954 / 70 years	25/08/1963 / 60 years	16/02/1963 / 61 years	16-04-1986 / 38 years
Father's name	Shri. Lazarus Musuku	Shri Koti Kameshwara Rao	Shri. Verghese Jacob Kurudamannil	Shri Kishinchand Chandumal Khatanhar	Shri Chandra Mohan	Shri. M Udaia Kumar
Qualification	PG in Commerce and Business Management	a) Bachelor of Science (Botany, Zoology and Chemistry) b) MBA (Marketing and Advertising practices)	He is an Electronics Engineer and has done his MBA from XLRI, Jamshedpur	a) Associate Member of Institute of Cost and Works Accountants of India b) Master of Commerce c) Certified Associate of Indian Institute of Bankers	Graduated in Engineering from the Indian Institute of Technology, Delhi	BBA (Management) from Biola University & MBA from ISB
Experience and Expertise in specific functional area	Over 38 years of experience in Microfinance	Over 35 years of experience in retail financial sector	44+ years of experience in Corporate and Social Sector	Successful track record of 4 decades in Commercial Banking viz. Retail Banking, Priority Sector lending including MFI & Securitization, Corporate Banking, Infrastructure Finance, Project Finance, International Banking, Treasury Management & Relationship Management, CMS Business, Digital Banking, Risk Management, Audit functions, Compliance, Remedial Management, Credit monitoring.	Innovating and re-defining mobile banking and payments across the globe with a core focus on adding security and encryption capabilities to mobile devices enabling "secure transactions" on any device.	18 yrs. of experience in Microfinance
Terms & Conditions of Appointment	As per resolution	As per resolution	Non-Executive Director	Independent Director	Independent Director	Non-Executive Director
Details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable	As per Resolution	As per Resolution	Sitting fees	Sitting Fees	Sitting Fees	Sitting Fees
Date of the first appointment on the Board	20.04.1999	10.07.2024	29.05.2023	30.08.2024	30.08.2024	17.11.2020

Shareholding in the Company	10476695 equity shares of Face Value of Rs.10/- each	Nil	Nil	Nil	Nil	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Related to Executive Director	None	No	No	No	Related to Mr. M Udaia Kumar
Number of Meetings of the Board of Directors attended during the year	Five (all)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Five (all)
Directorship in other Companies	Jacynth Finvest Limited	Eshan Business Solutions Private Limited	MM TV Limited	Nil	a) Mobipay Securiservices Private Limited b) Nextgen Telesolutions Private Limited	List enclosed
Membership / Chairmanship of the committees of other Companies (consists membership / chairmanship of Audit Committee, Nomination and Remuneration Committee and, Stakeholders' Relationship Committee)	Nil	Nil	Nil	Nil	Nil	Audit Committee, Nomination and Remuneration Committee

Ms. J SUCHARITA (DIN: 00184698)

S. No.	Name of the Company/ LLP	Nature of interest or concern
1)	Pritika Infotainment Industries Limited	Director
2)	Jacynth Finvest Limited	Managing Director
3)	Seedmoney Finvest Limited	Director

Place: Hyderabad
 Date: September 04, 2024

By Order of the Board
 For Share Microfin Limited



(Signature)
 Koti Venkata Rao
 Managing Director
 (DIN: 08245503)

SHARE MICROFIN LIMITED

Registered Office: 1-224/58, Rajeev Nagar, Nacharam, Hyderabad – 500076, Telangana
 Corporate Office: 4th Floor, Amsri Eden Square, 9-1-87 & 9-1-119/1, St. Johns Road,
 Secunderabad - 500003, Telangana, India
 Website: <http://www.sharemicrofin.com>; Email Address: secretarial@sharemicrofin.in;
 Contact No. 040-27808380; Fax No. 040-27781225
 CIN: U65910TG1999PLC031548

For e-voting by Members participating through Video Conferencing at the TWENTY FIFTH Annual General Meeting of the Company held on Monday, the 30th day of September, 2024 at 11:00 AM (IST)

Ballot Form

[Pursuant to Ministry of Corporate Affairs General Circular 20/2020 dated 05th May, 2020, the General Circular No.: 02/2022 dated May 05, 2022, General Circular No. 10/2022 dated December 28, 2022, and General Circular No. 09/2023 dated September 25, 2023]

Name of the member(s): _____ Email Id: _____
 Registered Address: _____
 Folio NO./Client ID* _____ DP ID*: _____

No. of Equity Shares held as on _____:

I/We here by exercise my/our vote in respect of the Ordinary Resolutions to be passed as stated in the notice of Annual General Meeting of the Company dated _____, 2024, by Assent (For) or Dissent (Against) to the said Resolutions by placing a tick (✓) mark at the appropriate box below:

S. No.	Resolution(s)	For	Against
1.	Adoption of Financial Statements		
2.	Reappointment of Mr. Verghese Kurudamannil Jacob, Director liable to retire By rotation		
3.	Appointment of M/s Ray & Ray, Chartered Accountants as the Statutory Auditors of the Company		
4.	To regularize the Appointment of Mr. Suresh Kishinchand Khatanhar as an Independent Director		
5.	To regularize the Appointment of Mr. Taron Mohan as an Independent Director		
6.	To take on record the change of designation of Ms. Sucharita to Non-Executive and Non-Independent Director of the Company		
7.	To approve for and ratify remuneration paid to Mr. M Udaia Kumar, Managing Director (DIN: 00017642) for the period from April 01, 2024 to July 10, 2024		
8.	Appointment of Mr. Koti Venkata Rao as Managing Director and Chief Executive Officer of the Company		
9.	Authorization to borrowing limits		
10.	Authorization for creation of charge / encumbrance on the assets		
11.	To approve alteration of Memorandum of Association of the Company		
12.	To approve alteration and adoption of restated Articles of Association of the Company		

Signed this _____ day of _____ 2024

 Signature of shareholder

BOARD'S REPORT

Dear Members,

Your Directors present the Twenty Fifth Annual Report on the business and operations of SHARE MICROFIN LIMITED ("SHARE" / "the Company") together with the Audited Financial Statement of your Company for the year ended March 31, 2024 and other accompanying reports, notes and certificates.

1) BUSINESS AND FINANCIAL HIGHLIGHTS

The financial results of the Company for the year ended March 31, 2024 is as under:

<i>Particulars</i>	<i>Rs. in crore</i>	
	2023-24	2022-23
Total Income	88.76	164.28
Total expenditure	86.63	159.97
Profit/(Loss) / after prior period expense and before tax	2.13	4.31
Profit /(Loss) after taxes	2.13	4.31
Shareholder's funds (Equity)	86.86	86.86
Reserves and surplus	119.01	116.88
Earnings per equity share (Basic) (Rs.)	0.24	0.50

The Audited Financial Statements of the Company, which form a part of this Annual Report, have been prepared in accordance with the provisions of the Companies Act, 2013 ("Act").

a) State of Affairs / Financial Summary

The Profits after Tax for the year stood at Rs.2.13 Crore as against Rs.4.31 Crore during the previous financial year. SHARE has completed 25 years of its operations in the field of financial inclusion through microfinance. The Company has been operating in 18 states through a network of 720 branches as of March 31, 2024. Company has active client base of 6.60 Lakh as of March 31, 2024 as compared to previous year 6.80 Lakh. The portfolio outstanding as of March 31, 2024 is Rs.550.01 Crore as compared to previous years Rs.628.45 Crore. Of the portfolio outstanding, Rs.268.94 Crore Loan Portfolio is towards Business Correspondence Services, Rs.54.82 Crore towards portfolio assigned, and Rs.32.67 Crore towards securitization. The own portfolio stood at Rs.193.58 Crore.

b) Financial liquidity

The cash and cash equivalents as at March 31, 2024 stood at Rs.31.31 Crore as compared to Rs.35.18 Crore as of March 2023. The Company's working capital management is robust and involves a well-organized process, which facilitates continuous monitoring and control over receivables, cash flows and other parameters.

During the year, SHARE has disbursed 1.76 lakh micro loans amounting to Rs.549.12 Crore towards its microfinance operations empowering women to take up income generating activities for improving their standard of living.

c) Share Capital

The paid-up Equity Share Capital of the Company as on March 31, 2024 continues to be Rs.86,86,45,560/- consisting of 8,68,64,556 Equity Shares of face value of Rs.10/- each. All Equity Shares issued by the Company carry equal voting rights. During the financial year ended March 31, 2024 the Company has not raised any money from public issues, right issues, preferential issues, convertible securities, etc.

During the year under review, the Company has not issued shares with differential voting rights as to dividend, voting or otherwise; nor granted stock options or sweat equity under any scheme. No disclosure is required under Section 67(3)(c) of the Act, in respect of voting rights not exercised directly by the employees of the Company, as the provisions of the said Section are not applicable to the Company. Accordingly, no reporting or disclosure is required in respect of the above matters. The Company has not resorted to any buy back of its equity shares during the year under review.

d) Transfer to Reserves

In accordance with the provisions under Section 45 IC of the RBI Act, 1934 the Company being an NBFC is required to transfer 20% of net profit after tax for the year to statutory reserve. Accordingly, the Company has transferred Rs.0.42 crore to statutory reserves for the year ended March 31, 2024.

e) Net Owned Funds & Capital to Risk Assets Ratio (CRAR)

Your Company's Net owned funds as on March 31, 2024 is Rs.205.88 Crore, which is above the minimum amount of prescribed under Section 45-IA of the Reserve Bank of India Act, 1934, to carry on the business of a Non-Banking Financial Company (NBFC). As per the RBI guidelines, every NBFC Micro Finance Institution (NBFC-MFI) has to maintain minimum capital to risk assets (CRAR) ratio of 15%. The CRAR of the Company as on March 31, 2024 stands at 69.40%.

As on March 31, 2024, the Company is in compliance of the regulatory requirements of net owned funds ('NOF') and Capital to Risk Assets Ratio ('CRAR'), as defined under section 45-IA of the Reserve Bank of India Act, 1934, to carry on the business of a non-banking financial institution ('NBFI').

f) RBI guidelines

RBI granted the Certificate of Registration to the Company in May 31, 2000 vide Registration No N.09.00261 to commence the business of a Non-Banking Financial Institution without accepting public deposits. Your Company is a Non-Deposit taking Non-Banking Finance Company and categorized as Micro Finance Institution (NBFC-MFI) falling under NBFC-Base Layer as per Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023. The Company continues to comply with all the requirements prescribed by the RBI from time to time.

However, the Company is not able to meet the qualifying assets norm of 75% of total assets stipulated by the RBI. However, this shortfall is temporary in nature and once the company is able to access fresh funding from lenders, this will be complied.

g) Dividend

Taking the current situation into account, and in order to undertake and carry on future transactions, it is necessary to conserve the resources. Accordingly, your Directors are not recommending any dividend on Equity Shares for the financial year under review.

h) Developments on Fund Raising

On March 27, 2023 the Company entered into Payment Agreement (PA-2024) with all erstwhile lenders of Company, and discharged all of its outstanding debts on March 29, 2023. The Company has raised funding for repayment via internal cash flows and Direct Assignment transaction with IndusInd Bank Limited (IBL). The Company has immediately initiated the steps for infusion of growth funding through Term Loans, Direct Assignment Transactions and Business Correspondence Agreements and has made commendable progress. As of March 31, 2024 the total amounts raised through Term Loans and Direct Assignment Transactions stood at Rs.233.48 Crore..

The Company has put up funding proposals with various lenders and sanctions are expected shortly. Further, the Company is in discussions with large size lenders who have indicated their consent to support funding to company soon.

i) Off-balance Sheet: though BC (Business correspondent) tie-ups:

The Company has made remarkable achievement in securing sanctions for doing business under the Business Correspondent model to address the liquidity issues and to efficiently utilize huge infra branch structure, besides improving staff productivity. The Company has received aggregate BC limit of Rs.500 Crore from different lenders.

ESAF BC operations:

ESAF BC operations have commenced from December 2022 and the Company built a portfolio of Rs.149 Crore as of March, 2024. Currently BC operations are in four states i.e. Gujarat, Haryana, Tamil Nadu and Uttarakhand, offering Farmer Interest Group loans (Agri), Vyaapar Vikas Yojana loans (short term MSME), Microbanking loans (microfinance). The Number of Clients as on March 31, 2024 stood at 46,419.

SIDBI's BC operations:

The disbursements made out of BC limits sanctioned by SIDBI, as on March 31, 2024, stood at Rs.144 Crore. The disbursements were made through 176 Branches across Nine States. The Number of Clients as on March 31, 2024 stood at 25,975. Portfolio outstanding stands at Rs.99.58 Crore as of March 31, 2024.

ICICI Bank BC operations:

The Company has disbursed Rs.28 Crore through 45 Branches. The Number of Clients as on March 31, 2024 stood at 6,450. Portfolio outstanding stands at Rs.20.36 Crore as of March 31, 2024.

The Company has plans to increase its own loan book and desires to be a one-stop financial services provider to its clients for their varied needs with the objective of enabling them to have an increased income generation, directly contributing to an improved standard of living.

SHARE is looking for a potential funding partner who can extend funding support to enable the Company to serve millions of underserved women microfinance borrowers. Overall, the Company is confident of raising necessary resources during the FY 2024-25.

j) Business overview and future plans

Having discharged its obligations towards all the erstwhile lenders as on March 31, 2023, and improvement in growth funding during 2023-24, the Company is confident that FY 2024-25 will pave way for new avenues and will become the stepping stone in the growth story.

k) Fair Practices Code and Client Protection measures

Your Company has adopted Fair Practice Code (FPC) mandated by the RBI and the self Regulatory Organizations (SRO's). The FPC chart sheet is displayed at all branches of the Company and posted on the Company's website. Your Company has adopted Grievance Redressal Mechanism for addressing issues and queries raised by the clients and staff. The policies including fair practice with borrowers such as transparency, communication, fixing lending limits and compliance with Credit Bureau of the Company have been updated taking into account the recent guidelines issued by the RBI on regulatory framework for microfinance loans. The Company is in compliance with directions prescribed under Master Direction- Reserve Bank of India (Non-Banking Financial Company ~ Scale Based Regulation) Directions, 2023

l) Research and Development

SHARE is an NBFC-MFI dedicated to providing financial and support services to marginalized sections of the society, particularly to women belonging to rural and semi urban areas across India. Accordingly, the disclosures as to research and development do not arise.

m) Change in the nature of business

During the year, there was no change in the nature of business of the Company.

n) Holding, Subsidiaries, Joint Ventures or Associate Companies

The Company does not have any Holding, Subsidiary, Associate or Joint Venture Company at the beginning of the year. During the year, no Company has become Subsidiary / Joint Venture or Associate Company of the Company. Hence, the disclosure of information relating to subsidiary / Joint Venture or Associate Company does not arise.

o) Material changes and commitments

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

p) Borrowings

As on March 31, 2024 the total borrowings stood at Rs.92.59 Crore, as compared to Rs.25 Crore as on March 31, 2023. The Company has initiated the steps for growth funding after discharge of its obligations towards erstwhile lenders. In compliance with Section 180 of the Companies Act, 2013 the resolutions for approval of Members, for increasing the borrowing limits and creation of security interest thereon, forms part of notice of Annual General Meeting (AGM).

q) Credit Rating

The Company has been given SMERA Rating - "C1" for Code of Conduct Assessment, which implies that the Company has excellent performance on Code of Conduct dimensions. ICRA has assigned a long term rating of [ICRA]BBB-(Stable). Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

2) CORPORATE GOVERNANCE

The Company recognizes the role of corporate governance and adopts the best practices of governance and higher standards of operations through transparency, ethics and accountability to the shareholders, customer, government and others as per the legal and obligatory provisions and policies of the Company. This approach has helped the Company in weathering the turbulent times that the MFI sector has faced from time to time. The Board of Directors reaffirms their continued commitment to good corporate governance practices.

The Company has adopted the Corporate Governance Standards prescribed by the RBI to NBFC. The Board has constituted several Committees to deal with specific matters and delegated powers for different functional areas. The details of Board and its Committees are as given below.

a) Directors, Board Committees, Key Managerial Personnel and Remuneration

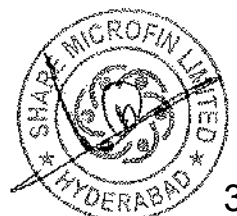
The assessment and appointment of Members to the Board is based on a combination of criterion that includes ethics, personal and professional stature, domain expertise, gender diversity and specific qualification required for the position. A potential Board Member is also assessed on the basis of independence criteria defined in Section 149 of the Act.

b) Directors and Key Managerial Personnel

The Board is at the core of Company's corporate governance practice and oversees and ensures that the Management serves and protects the long-term interest of all our stakeholders. The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

As at March 31, 2024 the Board of the Company consists of a Managing Director, an Executive Director, a Nominee Director, a Non-Executive Director and two Independent Directors. The Shareholders of the Company at their AGM held on September 23, 2023 accorded approval to the appointment of Mr. Rajender Mohan Malla as Independent Director and appointment of Mr. Verghese Kurudamannil Jacob as Non-Executive Director on the Board of the Company. The Shareholders also approved the reappointment of Mr. K Prahlada Rao as Independent Director on the Board for the second term. The consent of Shareholders was also accorded to payment of Remuneration to Ms. J Sucharita, Executive Director for the remainder tenure of her appointment.

The appointment of Mr. M Udaia Kumar as Managing Director for a term of five years with effect from April 01, 2023 to March 31, 2028, on payment of remuneration of Rs.1.90 crore per annum, for the period commencing from April 01, 2023 to March 31, 2024 was approved by the Shareholders. It was further resolved that the remuneration for the balance tenure shall be decided on annual basis. The Board of Directors at their meeting held on March 05, 2024 on the recommendation of Nomination and Remuneration Committee, in supersession of resolution passed, approved the payment of remuneration of Rs.1.90 Crore per annum, for a period of three years, commencing from April 01, 2024 to March 31, 2027 and recommended the same for approval of Shareholders. However, Mr. M Udaia Kumar, Managing Director submitted his resignation at the Board Meeting held on July 10, 2024 from the office of Managing Director and also as Director on the Board of the Company. The Board of Directors took note of same and placed on record its sincere appreciation for services rendered by him in various capacities since inception of the Company. The Board also recommended ratification of remuneration paid to Mr. M Udaia Kumar, Managing Director for his term commencing from April 01, 2024 to July 10, 2024. In compliance with Section 197 read with Schedule V of the Companies Act, 2013 the resolution for ratification of payment of remuneration to Mr. M Udaia Kumar, Managing Director by shareholders forms part of notice of AGM.



At the Board Meeting held on July 10, 2024, Ms. Sucharita submitted her resignation from the office of Whole Time Director, (designated as Executive Director) with effect from July 10, 2024; and she continue to be "Non-Executive and Non-Independent Director" on the Board of the Company. Necessary intimations have been filed with Ministry of Corporate Affairs.

In compliance with Section 152 of the Companies Act, 2013 Mr. Verghese Kurudamannil Jacob, Non-Executive Director is liable to retire by rotation and being eligible offers himself for reappointment. The Board of Directors at its meeting held on July 10, 2024 after considering the proposal, on the recommendation of Nomination and Remuneration Committee, accorded its approval and recommended for approval of Shareholders.

The Board of Directors at its meeting held on July 10, 2024, after considering the recommendation of Nomination and Remuneration Committee subject to the approval of the Members, and the Central Government and / or such other Regulatory Authorities, as may be required, appointed Mr. Koti Venkata Rao (DIN: 08245503) as an Additional Director, and also as Managing Director and Chief Executive Officer (CEO) of the Company w.e.f., July 11, 2024, for a period of five years.

Further, as per Section 196, 197, 198, read with Schedule V of the Companies Act 2013, the Nomination and Remuneration Committee recommended, gross annual remuneration of Rs.2.40 Crore (which shall comprise of both fixed and variable components at the ratio of 70:30 respectively) together with certain other benefits/perquisites, to be paid to Mr. Koti Venkata Rao, for the period commencing from July 11, 2024 to July 10, 2025, as detailed in the resolution, which was, subject to the approval of the Shareholders, approved by the Board of Directors of the Company at their meeting held on July 10, 2024.

In compliance with Section 196, 197 read with Schedule V of the Companies Act, 2013 the resolution for appointment and payment of remuneration to Mr. Koti Venkata Rao, Managing Director & CEO by Shareholders forms part of notice of AGM.

At the Board Meeting held on September 04, 2024 on the recommendation of Nomination and Remuneration Committee, Mr. Suresh Kishinchand Khatanhar (DIN 03022106) and Mr. Taron Mohan (DIN 00287869), were co-opted as Additional Directors (in the capacity of Independent Director) of the Company, respectively. In the opinion of the Board, the Company will be immensely benefited from the guidance of Mr. Suresh Kishinchand Khatanhar and Mr. Taron Mohan.

Your Directors recommend the resolution pertaining to appointment/reappointment for the approval of Members at the AGM.

As on date of this Report none of the Directors on Board hold directorship more than ten public companies and twenty companies in all. As on the date of this Report the composition of the Board of Directors is as under:

DIN	Name of the Director	Designation
08245503	Mr. Koti Venkata Rao	Managing Director & CEO
00184698	Ms. J Sucharita	Non-Executive Director
05271673	Mr. J Rambabu	Non-Executive (Nominee) Director
06734422	Mr. K Prahlada Rao	Independent Director
00136657	Mr. Rajender Mohan Malla	Independent Director
03432508	Mr. Verghese Kurudamannil Jacob	Non-Executive Director
03022106	Mr. Suresh Kishinchand Khatanhar	Additional Director (Non-Executive Independent)
00287869	Mr. Taron Mohan	Additional Director (Non-Executive Independent)

All the Directors on the Board of the Company are in compliance with fit and proper criteria specified by Reserve Bank of India (RBI) and policy as approved by the Board. All the Directors have submitted declaration and undertaking certifying that they meet the criteria specified respectively.

The details of managerial remuneration paid to Managing Director and Executive Director have been made in the Notes to Financial Statements for the year ended March 31, 2024 (refer note 22).

c) Independent Directors

As on date of report the Company has four Independent Directors. In the opinion of the Board, the Independent Directors meet the criteria of independence. The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax and risk advisory services, financial services, and investments; and they hold highest standards of integrity.

d) Declaration by Independent Directors

Pursuant to the provisions of Section 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed there under. There has been no change in the circumstances affecting their status as Independent Directors of the Company. The Independent Directors have also confirmed that they have complied with the code for Independent Directors prescribed in Schedule IV of the Act along with other applicable provisions of the Act, the criteria specified in Master Directions issued by RBI from time to time, and the Company's Code of Conduct.

e) Key Managerial Personnel

The following are the Key Managerial Personnel of the Company in terms of the provisions of the Act, read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as on date of this Report:

- a) Mr. Koti Venkata Rao, Managing Director (with effect from July 11, 2024)
- b) Mr. B B Sankara Rao, Chief Financial Officer
- c) Mr. K Chandra Sekhar Naidu, Company Secretary

Consequent to resignation from office of Managing Director, and from office of Director, Mr.M Udaia Kumar, Managing Director, ceased to be Key Managerial Personnel with effect from July 10, 2024. Further consequent to resignation from the office of Whole Time Director; and being re-designated as Non-Executive Non-Independent Director, Ms. J Sucharita also ceased to be Key Managerial Personnel of the Company with effect from July 10, 2024.

f) Meetings of the Board

Regular Meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses. The schedule of the Board / Committee Meetings to be held is circulated to the Directors in advance to enable them to plan their schedule for effective participation in the Meetings. Due to business exigencies, the Board has also been approving several proposals by circulation from time to time.

The Board of Directors of the Company had met five times during the year under review and the particulars of meetings held and attendance of the Directors at Meetings are as under:

Dates of Meeting	Attendance at the Meeting					
	Mr. M Udaia Kumar	Ms. J Sucharita	Mr. J Rambabu	Mr. K Prahlada Rao	# Mr. M Rajender Mohan Malla	# Mr. Verghese Kurudamannil Jacob
19.04.2023	Present	Present	Present	Present	Not Applicable	Not Applicable
29.05.2023	Present	Present	Present	Present	Not Applicable	Not Applicable
25.07.2023	Present	Present	Present	Present	Present	Present
20.11.2023	Present	Present	Present	Present	Present	Present
05.03.2024	Present	Present	Present	Present	Present	Present

Mr. Rajender Mohan Malla, Independent Director and Mr. Verghese Kurudamannil Jacob, Non-Executive Director got appointed at the Board Meeting held on May 29, 2023.

Ms. P Ephatha Naresh ceased to be Independent Director with effect from May 29, 2023. During the year she attended the Board Meeting held on April 19, 2023.

In compliance with the provisions of Act, read with Secretarial Standards the gap between two consecutive Board Meetings is within the statutory limits prescribed.

g) Receipt of any Commission from Company

During the year under review, none of the Directors has received any commission from the Company. The Non-Executive Directors are paid sitting fees for attending the meetings of the Board, as approved by the Board from time to time, within the limits specified under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

h) Performance Evaluation & Separate Meeting of Independent Directors

The Board carries out "Annual Performance Evaluation" of its own performance, the Directors individually, as well as the working of its Audit, Nomination & Remuneration, Risk Management and other Committees as mandated under the Act. The performance of the Board, the Directors, and that of Committees was evaluated after seeking inputs from all the Directors such as effectiveness of Board processes, timely furnishing of information, and functioning, etc.

The Independent Directors met on April 29, 2023 without the presence of other Directors or Members of Management. All the Independent Directors were present at the meeting. In the meeting, the Independent Directors reviewed performance of Non-Independent Directors, the Board as a whole, and the Chairman. They assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

The Independent Directors expressed satisfaction over the performance and effectiveness of the Board, individual Non Independent Directors, and the Chairman. They also expressed satisfaction with regard to the flow of information between the Company's management and the Board. The Board took note of various suggestions made in the meeting of Independent Directors. The Independent Directors played active role in Board as well as Committee meetings in which they are Members.

i) Committees

Committees of the Board handling specific responsibilities mentioned under the applicable laws, thereby empowering the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters.

The Board of Directors *inter alia* constituted various Committees as required under the Act, and Master Directions, Notifications and Circulars issued by RBI from time to time. The various statutory Committees constituted by the Board are as under:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Corporate Social Responsibility Committee
- d) Risk Management Committee
- e) Asset Liability Management Committee
- f) IT Strategy Committee
- g) Grievance Redressal Committee
- h) Internal Complaints Committee
- i) Finance committee
- j) Allotment committee

The details as to composition(s), meetings held during the year and attendance there at, terms of reference, etc of these Committees are as under:

I. AUDIT COMMITTEE

Your Company has an independent Audit Committee, in accordance with the provisions of Section 177 of the Act and Master Directions issued by RBI from time to time, which acts as a link between the management, the statutory and internal auditors and the Board. The composition of the Audit Committee as on March 31, 2024 is as under:

Consequent to resignation of Ms. P Ephatha Naresh, Independent Director, in compliance with Companies Act, 2013 and Master Directions issued by RBI, the Board of Directors reconstituted the Audit Committee at its Meeting held on July 25, 2023, and the composition of the Audit Committee as on date of report is as under:

Name	Designation	Category
Mr. K. Prahlada Rao	Chairman	Independent Director
Mr. J Rambabu	Member	Non Executive Director
Mr. Rajender Mohan Malla	Member	Independent Director

All the Members of the Audit Committee are financially literate. During the year under review, the Board has accepted all the recommendations made by the Audit Committee. The Committee meets periodically to review the internal audit report, financial statement and recommends its findings to the Board. The Statutory Auditors, Chief Financial Officer who is responsible for the finance function, and the Internal Auditor attend and participate in the Audit Committee Meetings.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act as amended from time to time. During the year under review the Audit Committee met twice on April 19, 2023 and March 05, 2024 and all the Members were present and participated at the meetings.

II. NOMINATION AND REMUNERATION COMMITTEE

The Board at its meeting held on July 25, 2023 reconstituted Nomination and Remuneration Committee in compliance with Companies Act, 2013 and Master Directions issued by RBI. The Company has in place Nomination and Remuneration Policy as mandated under the Act, and applicable Directions issued by RBI, from time to time. The Committee also ensures that the Directors on the Board comply with fit and proper criteria as specified in the Master Directions read with Nomination and Remuneration Policy of the Company.

The composition of Nomination and Remuneration Committee meets the prescribed criteria and as at March 31, 2024 comprises of the following Directors / Members:

Name	Designation	Category
Mr. K Prahlada Rao	Chairman	Independent Director
Mr. M Udaia Kumar*	Member	Managing Director
Mr. Rajender Mohan Malla	Member	Independent Director
Mr. Verghese Kurudamannil Jacob	Member	Non-Executive Director

* Consequent to resignation from office of Managing Director, with effect from July 10, 2024, Mr. M Udaia Kumar ceased to be Member of Nomination and Remuneration Committee.

During the year under review two meetings of Nomination and Remuneration Committee was convened on May 29, 2023 and March 05, 2024 and all the Members were present at the meeting.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Rules made there under as amended from time to time. The scope of the Committee includes review of the Nomination and Remuneration Policy, recommendations to the Board on appointment of the Directors, performance evaluation framework, and to review remuneration paid to the employees and Directors is as per the Nomination and Remuneration Policy, to state few.

Nomination and Remuneration Policy

The Company has adopted a Nomination and Remuneration Policy to identify persons who are qualified to become Directors on the Board of the Company and who may be appointed in senior management positions. The policy has detailed criteria for remuneration of Directors, Key Managerial Personnel, Members of its Core Management Team, as well as well-defined criteria for the selection of candidates for appointment to the said positions which has been approved by the Board.

The policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors. The policy is available for inspection at the Registered Office during working hours on all working days. The Company regards its employees as the most valuable and strategic resource and seeks to ensure a high performance work culture through a fair compensation structure, which is linked to both the Company and individual performance.

III. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSRC)

The Board at its meeting held on July 25, 2023 reconstituted CSRC; and the composition of the Committee and terms of reference are in compliance with applicable provisions of Act, read with Rules made there under. The composition of the Corporate Social Responsibility Committee as on March 31, 2024 is as under:

Name	Designation	Category
Ms. J. Sucharita	Chairperson	Non-Executive Director
Mr. K. Prahlada Rao	Member	Independent Director
Mr. Verghese Kurudamannil Jacob	Member	Non Executive Director

During the year under review, the CSRC met once on April 19, 2023 wherein all the Members were present.

The Company's CSR activities are guided and monitored by its CSRC. The Company has in place a CSR Policy in line with Schedule VII of the Act. The Company undertakes CSR activities in accordance with the said Policy. Your Company made contribution in areas of promoting health and fitness. The Company believes that CSR is a way of creating shared value and contributing to social and environmental good. The functions of CSRC includes formulation and monitoring of CSR Policy, recommending CSR Projects, and budgets thereof, review of CSR initiatives undertaken / to be undertaken and to do such other things as directed by Board and is in compliance with applicable laws.

The CSR Policy of the Company is available on the website of the Company at the link <https://www.sharemicrofin.com/Content/files/csr.pdf>.

Your Company, during the year has voluntarily spent Rs.5,47,520/- towards CSR activities, and has claimed set off of Rs.48,181/- out of surplus of Rs.11,09,003/- spent during 2022-23. The details of such activities carried out signed by Managing Director and Chairman of CSR Committee appears as **Annexure A** to this report.

IV. RISK MANAGEMENT COMMITTEE

The Company has well established risk assessment and minimization procedures. Risk and Fraud Control and Monitoring Committee review the risk mitigation strategies and results of risk identification, prioritization & mitigation plans for all corporate functions. The Board periodically reviews the risk assessment and mitigations procedures.

The composition of Risk & Fraud Control and Monitoring Committee is in compliance with Master Directions issued by RBI. As on date the Committee is chaired by Mr. M. Udaia Kumar, Managing Director, and consists of Ms. J Sucharita, Executive Director, Mr. J Rambabu, a Non-Executive (Nominee) Director, and Heads of various business functions. During the year under review, four meetings were held on April 19, 2023, July 25, 2023, November 20, 2023 and March 05, 2024 and all the Members were present in all the meetings. Consequent to resignation, Mr. M Udaia Kumar, Managing Director ceased to be Member of Risk & Fraud Control and Monitoring Committee w.e.f., July 10, 2024.

Risk Management

The Company has adopted a Risk Management Policy aimed to ensure resilience for sustainable growth and sound corporate governance by having a process of risk identification and management in compliance with the provisions of the Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023.

Risk Management is introduced to serve as a benchmark in setting up strong Risk Management system in the Company. Risk Management takes care of all the frauds reported and the ways to mitigate the risk in the Company. Risk management not only covers the risk related to operations, but also includes credit risk, liquidity risk, market risk, Information Technology risk, integrity risk, etc.

The Committee reviews the risk reports, risk management framework and verifies adherence to various risk parameters and compliances. The Risk Management Policy was revised by the Board during the year under review to ensure its continued relevance and to align it with changes in

applicable law and regulations. There are no risks, which in the opinion of the Board threaten the existence of the Company. Key risks and response strategies are set out in the Management Discussion and Analysis Section which forms a part of this Annual Report.

Ombudsman Scheme

RBI, vide its Press Release dated November 12, 2021 issued Reserve bank of India – Integrated Ombudsman Scheme, 2021 (RBI-IOS), directed that all NBFCs having customer interface, will come in the ambit and shall comply with the provisions of the Ombudsman Scheme. The NBFCs are advised to ensure that a suitable mechanism exists for receiving and addressing complaints from their customers with specific emphasis on resolving such complaints expeditiously and in a fair manner. The Board of Directors appointed Mr. B B Sankara Rao, Chief Financial Officer as its Principal Nodal Officer.

Whistle Blower Policy / Vigil Mechanism

The Company formulated the policy in compliance with Section 177(9) of the Act. Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behavior. The Company is committed to adherence of highest standards of ethical behavior, moral and legal conduct of business. The Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment. The Whistle blower policy of the Company is uploaded on the Company's website and can be accessed at https://www.sharemicrofin.com/Content/files/whistle_blower_policy.pdf

The Audit Committee of the Board oversees the functioning of this policy and provides adequate safeguard against victimization of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances. Protected disclosures can be made by a whistle blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct.

V. ASSET-LIABILITY MANAGEMENT COMMITTEE

Asset Liability Management Committee is headed by Mr. M Udaia Kumar, Managing Director and consists of Ms. J Sucharita, Executive Director and other senior executives of the Company as its Members. Consequent to resignation, Mr. M Udaia Kumar, Managing Director ceased to be Member of Asset Liability Management & Credit Policy Committee w.e.f., July 10, 2024. The functions of the Asset Liability Management Committee *inter alia* comprises of addressing concerns regarding asset liability mismatches, interest rate risk exposures, and achieving optimum return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and applicable regulations.

During the year under review, four meetings were held on April 19, 2023, July 25, 2023, November 20, 2023 and March 05, 2024 and all the Members were present in all the meetings.

VI. INFORMATION TECHNOLOGY STRATEGY COMMITTEE

The Board at its meeting held on July 25, 2023 reconstituted Information Technology Strategy Committee with Mr. K. Pahlada Rao, Independent Director as its Chairman. The Committee also consists of Mr. M Udaia Kumar, Managing Director and Ms. J. Sucharita, Executive Director. Consequent to resignation, Mr. M Udaia Kumar, Managing Director ceased to be Member of IT Strategy Committee w.e.f., July 10, 2024. The composition of the Committee is in compliance with the provisions of RBI's Master Direction on the Information Technology Framework for the NBFC Sector.

During the year under review, two committee meetings were convened on June 08, 2023 and December 22, 2023 and all the Members participated at the meeting.

VII. GRIEVANCE REDRESSAL COMMITTEE

As per RBI's specified Fair Practice Code, the Company has a well defined and fully automated complaints grievance redressal mechanism for ensuring timely redressal. The details as to mechanism and contact details of concerned are also available on the website of the Company. The Board periodically reviews the proceedings of Grievance Redressal Committee.



The Grievance Redressal Committee's primary goal is to collect, gather and identify the grievances of all the clients, the staff and other associates, general public in relation to the services and products of the Company, and to address such grievances satisfactorily in a timely manner.

The Grievance Redressal Committee and comprises of Ms. J Sucharita, Executive Director and Senior Executives of the Company. The Grievance Redressal Committee met four times during the year on April 08, 2023, July 08, 2023, October 07, 2023 and January 04, 2024.

VIII. INTERNAL COMPLAINTS COMMITTEE

An Internal Complaints Committee (ICC) has been constituted by the Board at its meeting held on September 27, 2018, in compliance with Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to address complaints received regarding sexual harassment. The composition of the ICC as on March 31, 2024 is as under:

Name of the Member	Designation	Category
Ms. J Sucharita	Non-Executive Director	Chairperson
Ms. Usha Paul	Representative from NGO	Member
Ms. M. Padma	Officer (Secretarial)	Member

The Committee Members and employees are sensitized from time to time on matters relating to prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitize the employees to uphold the dignity of their female colleagues at workplace.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is an equal opportunity provider and continuously strives to build a work culture which promotes respect and dignity of all employees across the organization. In order to provide women employees a safe working environment at workplace and also in compliance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under, the Company has formulated a well-defined policy on prevention, prohibition and redressal of complaints relating to sexual harassment of women at the workplace.

No complaints pertaining to sexual harassment of women employees from any of the Company's locations were received during the year ended March 31, 2024. The Board affirms that the Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

3) MANAGEMENT DISCUSSION AND ANALYSIS

A detailed report on the Management Discussion and Analysis in terms of the provisions of Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 is provided as a separate section forming part of Annual Report.

4) RELATED PARTY TRANSACTION(S)

All Related Party Transactions done by the Company during the financial year were at arm's length and in ordinary course of business. During the financial year, your Company has not entered into any transaction with any of its related parties which may have potential conflict with the interest of the Company. All Related Party Transactions are placed before the Audit Committee, and the Board for review and approval, as appropriate. Apart from remuneration as approved or sitting fees, none of the Directors and Key Managerial Personnel has any pecuniary relationships or transactions with the Company during the year under review.

The details of Related Party Transactions / disclosures pursuant to Accounting Standards on Related Party Transactions have been made in the Notes to Financial Statements for the year ended March 31, 2024 (refer note 22). Form AOC-2, containing the note on the aforesaid Related Party Transactions is enclosed as **Annexure B** to this Report.



5) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loan, provided guarantee or made any investments falling under the Section 186 of the Act.

For details of the investments of the Company refer to Note 3.1(t) read with Note No. 36(b) of the Notes to financial statements for the year ended March 31, 2024.

6) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(3)(m) of the Act, relating to conservation of energy and technology absorption, do not apply to the Company. The Company has however used information technology extensively in its operations. There are no foreign exchange earnings and out go during the year ended March 31, 2024.

7) EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Act, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 an extract of the Annual Return as at March 31, 2024 in Form MGT 9 is enclosed as **Annexure C** to the Board's Report. The Annual Return for the financial year ended March 31, 2024 is available on the website of the Company.

8) COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India relating to Meetings of the Board and its Committees; and the General Meetings, which have mandatory application.

9) SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant awards that have been passed by any Court, Tribunals, or Judicial Authority against the Company during the Financial Year 2023-24 impacting the going concern status and Company's operations in future.

10) REVISION OF FINANCIAL STATEMENTS / BOARD'S REPORT

During the year under review the Company has not made any application for preparing the revised financial statement or a revised Board's Report.

11) REGISTRAR AND SHARE TRANSFER AGENTS

Aarthi Consultants Private Limited
1-2-285, Domalguda
Hyderabad – 500029
Tel: 040-27638111;
Email: info@aarthiconsultants.com

12) PUBLIC DEPOSITS

The Company has not accepted any deposits, falling under the ambit of Chapter V "*Acceptance of Deposits by Companies*" of the Act and the Rules framed thereunder, during the year nor are there any unpaid / unclaimed deposits at the end of the year. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

As per the Master Directions as amended from time to time, your Directors hereby report that the Company has not accepted any public deposits during the financial year 2023-24. The Board has also passed resolution prohibiting the acceptance of deposits by the Company in terms of "Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023" read with "Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Direction, 2016".

13) TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

The Company has not declared any dividend during the preceding seven years and accordingly, there is no unclaimed or unpaid dividend to be transferred to IEPF. Accordingly there are no Equity Shares liable to be transferred to IEPF.

14) AUDITORS AND AUDIT REPORT

a) Statutory Auditors

Appointment of M/s Ray & Ray, Chartered Accountants, Firm Registration No. 301072E as Statutory Auditor of the Company:

Section 139 of the Companies Act, 2013 provides that specified public company shall not appointment an audit firm, as auditor, for more than two terms of five consecutive years. Further Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) issued by the Reserve Bank of India (RBI) vide Notification Ref. No. DoS.CO.ARG/ SEC.01/08.91.001/2021-22 ("RBI Guidelines") dated April 27, 2021 specified that NBFC will have to appoint the Statutory Auditors for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. However, non-deposit taking NBFCs with asset size below Rs.1,000 Crore have the option to continue with their extant procedure.

As per Section 139 of the Companies Act, 2013 (the Act'), read with the Companies (Audit and Auditors) Rules, 2014 and Guidelines for Appointment of Statutory Auditors issued by the RBI, the Members of the Company at the 22nd AGM, held on September 29, 2021 appointed M/s Nangia & Co LLP, Chartered Accountants, Firm Registration No. 002391C/N500069, as Statutory Auditors of the Company for a term of three years effective from the conclusion of 22nd AGM till the conclusion of the 25th AGM to be held in the year 2024, as it was envisaged that the asset size would exceed Rs.1000 Crore over the next three years.

Upon Company's request for considering reappointment, M/s Nangia & Co LLP, Chartered Accountants expressed their unwillingness to be reappointed. Accordingly the Board of Directors after considering the recommendation of Audit Committee proposed the appointment of M/s Ray & Ray, Chartered Accountants, (Firm Registration No. 301072E), as Statutory Auditors of the Company for the period of five years starting from conclusion of this AGM till the conclusion of 30th AGM of the Company to be held in calendar year 2029.

M/s Ray & Ray, Chartered Accountants, being eligible in terms of Companies Act, 2013 and RBI Circular and other applicable provisions, have provided their eligibility letter to act as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013, and RBI Circulars, vide their letter dated September 04, 2024.

M/s. Ray & Ray, is registered with the Institute of Chartered Accountants of India (Registration No. 301072E). M/s. Ray & Ray, Chartered Accountants, is one of the leading CA firms in India with its head office in Kolkata. The firm has a pan India presence through its branch offices in major metropolitan cities and offers audit, tax and advisory services in India and abroad. M/s. Ray & Ray, Chartered Accountants, over the last hundred years, since its inception in 1922, has grown into an institution that embodies the highest standards of professional integrity, values and expertise. M/s. Ray & Ray, Chartered Accountants, has branch offices located in major metro cities in India including New Delhi, Mumbai, Bangalore & Chennai and have dedicated team of professionals capable of offering services across a range of verticals at any location within India or abroad.

Documents related to appointment of M/s Ray & Ray as Statutory Auditor setting out the terms and conditions of appointment including remuneration will be made available for inspection of the Members on all working days and the same shall also be available for inspection of the Members electronically during the Annual General Meeting. Members intending to inspect the documents may write to secretarial@sharemicrofin.in.

A special notice has been received under Section 140(4)(i) of the Companies Act, 2013 from a member proposing appointment of M/s Ray & Ray, Chartered Accountants, as the Statutory Auditors. The appointment of Statutory Auditor along with the relevant details is proposed to the Members in the notice of Annual General Meeting.

The details of remuneration to Statutory Auditor's for 2023-24 are disclosed in Notes forming part of the financial statements (Refer Note 19) for the year ended March 31, 2024.

b) Auditors Report

The notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Statutory Auditor's report does not contain any qualifications, reservations, adverse remarks or disclaimers, which would be required to be dealt with in the Boards' Report.

c) Secretarial Auditor & Secretarial Audit Report

Pursuant to the provisions of the Act, the Board has appointed M/s.P.M.V.Subba Rao & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit. The Secretarial Audit Report in Form MR 3 for the financial year ended March 31, 2024 is enclosed as **Annexure D**.

The Secretarial Audit Report issued by M/s. P.M.V.Subba Rao & Associates, Practicing Company Secretaries, for the financial year 2023-24 confirms that the Company has complied with the provisions of the applicable laws and Secretarial Standards specified by the Institute of Company Secretaries of India; and does not contain any observation, reservation, adverse remark, or qualification requiring explanation or comments from the Board under Company 134(3) of the Act.

d) Internal Audit

The scope and authority of the Internal Audit function is defined in the Internal Audit Manual. With a view to maintain independence and objectivity in its working, the Internal Audit function reports directly to the Audit Committee.

The Audit Plan is aimed at evaluation of the efficacy and adequacy of internal control system and compliance thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

e) Information Technology and IT Security

Since inception, the Company has advocated the union of technology with the operations of the Company. Company recognized the importance of technology well in advance and from time to time successfully implemented various solutions for improving the quality of services. The Company had adopted and digitized most activities ensuring highest levels of transparency, accuracy, and availability to its clients.

Even before RBI issued Master Directions for implementation of Information Technology Framework for the NBFC Sector in 2017 the Company has laid the seed of IT framework and aftermath to RBI notification expanded the scope manifold.

To be absolutely sure of security mandates, the Company conducts Disaster Recovery drills at regular intervals and assures that the sensitive customer information is always protected. The Information System Audit (ISA) was conducted on the effectiveness of business continuity planning, disaster recovery set up and ensuring that BCP is effectively implemented for mission-critical functions in the organization. The Company avails services of various external agencies to ensure robust IT infrastructure.

f) Adequacy of Internal Financial Controls

The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting its business, safeguarding of its assets, accuracy and completeness in maintaining accounting records, prevention and detection of frauds and errors and timely preparation of reliable financial information.

The Company's Internal Auditors scrutinize on periodical basis and ensure that the internal controls and the work flow of the organization are being done through the approved policies of the Company.

In addition to statutory requirements complied with, the entire business process is under constant monitoring by respective supervisory authority. The Company's internal control system further comprises audit and compliance by in-house Internal Audit Division supplemented by finance

department checks. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. The internal audit department reviews all the control measures periodically and recommends improvements, wherever appropriate. The internal audit department reports directly to the Audit Committee. Based on their recommendations, the Company implements control measures both in operational and accounting related areas.

Also as a part of statutory compliance, 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, the Statutory Auditors have reviewed the internal controls over financial reporting and certified that the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and were operating effectively as at March 31, 2024, (Annexure 2 to the Independent Auditors' Report). The internal control systems and procedures established ensure compliances prescribed under Master Directions.

g) Details in respect of frauds reported by Auditors other than those which are reportable to the Central Government

In terms of Company 143(12) read with Rules made there under, the Statutory Auditors of the Company reported fourteen stray incidents of frauds, embezzlement, and thefts amount totaling to Rs.36,75,247/- of which Rs.29,54,272/- has been recovered. Apart from above, neither the Statutory Auditor nor the Secretarial Auditor have reported any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

h) Cost Records / Audit

The provisions of Company 148 of the Act, pertaining to cost records are not applicable to the Company. Accordingly, such accounts and records need not be made and maintained by the Company.

i) Particulars of Employees

The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Company 197(12) of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is available for inspection at the Registered Office during working hours on all working days.

15) DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Act:

- a) That in the preparation of the annual Financial Statements for the year ended March 31, 2024, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) That such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2024, and of the profit of the Company for the year ended on that date;
- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the annual accounts have been prepared on a going concern basis;
- e) That proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively;
- f) That proper system(s) to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

16) HUMAN RESOURCES

Your Company take prides in having a work culture that is solution and execution oriented. We moved many processes to the digital platform that not only engages employees more effectively, but also helps our businesses to move up the curve faster. Your Company believes that its employees are its core strength and accordingly development of people and providing a 'best-in-class' work environment is a key priority for the organization to drive business objectives and goals.



Your Company continues to attract and retain talent that focuses on sustained superior performance, provide them opportunities to learn, realize their true potential and contribute positively to the success of the Company. As on March 31, 2024, your Company had 2693 employees as compared to 2790 as on March 31, 2023.

17) DEMATERIALIZATION OF SHARES

Ministry of Corporate Affairs (MCA), vide notification dated September 10, 2018, mandated Unlisted Public Companies to issue securities in dematerialization form only. Further Rule 9A(3) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 provides that every holder of securities of an unlisted public Company, who intends to transfer such securities or who subscribes to any securities of an unlisted public Company (whether by way of private placement or bonus shares or rights offer) on or after October 2, 2018, shall get such securities dematerialized before the transfer; or ensure that all existing securities are held in dematerialized form before such subscription.

According to this amendment, the requests for effecting the transfer of securities shall not be processed unless the securities are held in dematerialized form with a Depository. Therefore, for effecting any transfer, the securities shall mandatorily be required to be in electronic form. Shares in physical form, should be lodged with the office of the Company's Registrar & Share Transfer Agent, viz., M/s. Aarthi Consultants Private Limited at their office at 1-2-285, Domalguda, Hyderabad – 500029 or at the registered office of the Company for dematerialization. Shareholders are requested to get their entire holding dematerialized in compliance with the Notification issued by MCA.

18) GREEN INITIATIVES

The Company has adopted "Sustainability Policy" giving more thrust on Environment, Social and Governance issues. The MCA has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circular stating that service of notice / documents including Annual Report can be sent by e-mail to its Members. We fully support the Ministry's green initiative. Accordingly, the Members, who have not registered their e-mail addresses so far, are requested to register their e-mail addresses. Members who have electronic holdings may register through their concerned Depository Participants. Further in terms of the MCA Circulars, the Company is sending this Company Notice along with the Annual Report for FY24 in electronic form only to those Members whose e-mail addresses are registered with the Company / Depositories. The Annual Report of the Company is available on its website.

19) ACKNOWLEDGEMENT

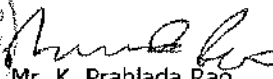
The Board of Directors express their deep sense of gratitude to the clients, investors, lenders, financial institutions and all other business associates and employees for their continued support and cooperation extended to the organization and look forward to their continued assistance in future. The Board acknowledges and thanks the staff for their undeterred commitment and contribution to the Company. The Directors sincerely thank the Government of India and the RBI for their support to the Microfinance Industry.

20) CAUTIONARY STATEMENT

The Board's Report including annexure thereto may contain certain statements that the Company believes are, or may be considered to be "forward looking statements" within the meaning of applicable Corporate Laws. All these forward looking statements are subject to certain risks and uncertainties, including but not limited to Government action, economic developments, risks inherent to the Company's growth strategy and other factors that could cause the actual results to differ materially from those contemplated by the relevant forward looking statements and the company is not obliged to update any such forwarding looking statements.

Place: Hyderabad
Date: September 04, 2024




Mr. K. Prahlada Rao
Independent Director
DIN: 06734422

By Order of the Board of Directors


Koti Venkata Rao
Managing Director
(DIN: 08245503)

ANNEXURE A

ANNEXURES TO BOARD REPORT
Annual Report on Corporate Social Responsibility Activities
 (Pursuant to Section 135 of Companies Act, 2013)

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or Programs is mentioned below:

Corporate Social Responsibility is an integral part of the way the Company conducts its business. The objective of Company's Corporate Social Responsibility activities is to develop the community in which the Company operates and makes a sustainable improvement in the lives of economically, physically and socially challenged people living at the lower end of the society.

2. The Composition of Corporate Social Responsibility Committee

Name	Designation	Category
Ms. J. Sucharita	Chairperson	Non Executive Director
Mr. K. Pahlada Rao	Member	Independent Director
Mr. Verghese Kurudamannil Jacob	Member	Non Executive Director

One Corporate Social Responsibility meeting held during the year on April 19, 2023 and all the Members attended and participated at the meeting.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company: the details are available at <https://www.sharemicrofin.com/Content/files/csr.pdf>
4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
2023 - 24	Not-Applicable	48,181/-
2022 - 23	2,06,872	Not Applicable
2021 - 22	9,02,131	Not Applicable

6. Average Net Profit of the Company as per section 135(5): Rs.2,97,85,039/-
7. (a) Two percent of average net profit of the company as per section 135(5): Rs.5,95,701/-
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
 (c) Amount required to be set off for the financial year, if any: Rs.48,181/-
 (d) Total CSR obligation for the financial year (7a+7b-7c): Rs.5,47,520/- (voluntarily, as the provisions of Section 135 are not applicable to the Company for the Current Financial Year)
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
5,47,520/-	Nil	Not Applicable	Not Applicable	Nil	Not Applicable



(b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (in years)	Amount allocated for the project	Amount spent in the current financial Year	Amount transferred to Unspent CSR Account for the project as per Section 135	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency
				State	District						
Not Applicable											

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year: Not Applicable

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
01	Being the amount paid to GYMPAC ventures pvt Ltd towards purchase equipment for GHMC Gym centers.	(vii) training to promote rural sports, nationally recognised sports, Paralympics sports and Olympic sports	Yes	Telangana	Hyderabad	5,47,520	Yes	Not Applicable	Not Applicable
Total						5,47,520			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs.5,47,520/-

(g) Excess amount for set off, if any:

S. No.	Particular	Amount in Rs.
i)	Two percent of average net profit of the company as per section 135(5)	5,95,701
ii)	Total amount spent for the financial year	5,47,520
iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	11,09,003
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	10,60,822

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

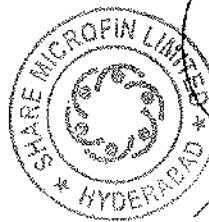
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

S. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed / Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Not Applicable
 (a) Date of creation or acquisition of the capital asset(s): Not Applicable
 (b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
 (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
 (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5): Not Applicable

We, the Members of the Corporate Social Responsibility Committee of the Board of Directors of SHARE Microfin Limited confirm and affirm that the Company has complied with Section 135 of the Companies Act, 2013 and applicable Rules made thereunder.

Place: Hyderabad
 Date: September 04, 2024



Koti Venkata Rao
 Koti Venkata Rao
 Managing Director
 (DIN: 08245503)

By Order of the Board of Directors

J Sucharita
 J Sucharita
 Non-Executive Director
 (DIN: 00184698)

ANNEXURE B
Form No. AOC-2

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

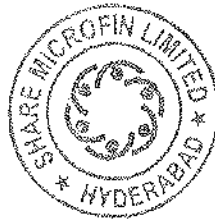
Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:
There were no contracts or arrangements or transactions entered into during the year ended March 31, 2024, which were not at arm's length basis.
2. Details of material contracts or arrangement or transactions at arm's length basis:
The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2024 are as follows:

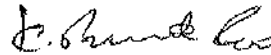
Name(s) of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Mr. M Udaia Kumar, Managing Director	Contract of employment	Five years	Appointment as Managing Director at a remuneration not exceeding Rs.1.90 Crore	05.03.2024	Nil
Ms. Sucharita, daughter of Mr. M Udaia Kumar, Managing Director	Contract of employment	Five years	Appointment as Executive Director at a remuneration not exceeding Rs.1.25 Crore	17.11.2020	Nil

Nature of such contracts / arrangements / transactions is disclosed in Note No. 22 of Notes to Financial Statements for the year ended March 31, 2024.

Place: Hyderabad
Date: September 04, 2024



By Order of the Board of Directors


Mr. K. Pahlada Rao
Independent Director
DIN: 06734422


Koti Venkata Rao
Managing Director
(DIN: 08245503)

ANNEXURE C: EXTRACT OF ANNUAL RETURN (MGT-9) as on the Financial Year ended on March 31, 2024

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U65910TG1999PLC031548
ii)	Registration Date	April 20, 1999
iii)	Name of the Company	SHARE MICROFIN LIMITED
iv)	Category / Sub-Category of the Company	Company limited by Shares / Indian Non-Government company
v)	Address of the Registered office and contact details	1-224/58, Rajeev Nagar, Nacharam, Hyderabad 500076, Telangana Tel No.: 040-27158387 Email Address: sml@sharemicrofin.com
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	Aarthi Consultants Private Limited 1-2-285, Domalguda, Hyderabad – 500029 Phone: 040-27638111 Email Address: info@aarthiconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company

Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Financial and insurance Service	99711390	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of Companies Act, 2013
NIL					

IV. SHAREHOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
a) Individual / HUF	1,04,70,284	6,411	1,04,76,695	12.06	1,04,70,284	6,411	1,04,76,695	12.06	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt. (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trust)	-	-	-	-	-	-	-	-	-
(Co-op Society)	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	1,04,70,284	6,411	1,04,76,695	12.06	1,04,70,284	6,411	1,04,76,695	12.06	
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other NRI based company	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	1,04,70,284	6,411	1,04,76,695	12.06	1,04,70,284	6,411	1,04,76,695	12.06	
	-	-	-	-	-	-	-	-	-

B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	10,92,272	59,51,700	70,43,972	8.11	33,17,992	37,25,980	70,43,972	8.11	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt. (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	3,19,20,512	90,43,883	4,09,64,395	47.16	3,19,20,512	90,43,883	4,09,64,395	47.16	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	3,30,12,784	1,49,95,583	4,80,08,367	55.27	3,52,38,504	1,27,69,863	4,80,08,367	55.27	-
2. Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	91,25,126	91,25,126	10.51	-	91,25,126	91,25,126	10.51	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	-	68,842	68,842	0.08	-	68,842	68,842	0.08	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	-	1,79,42,519	1,79,42,519	20.66	-	1,79,42,519	1,79,42,519	20.66	-
c) Others (specify) Societies	-	12,43,007	12,43,007	1.43	-	12,43,007	12,43,007	1.43	-
Sub-total (B)(2)	-	2,83,79,494	2,83,79,494	32.67	-	2,83,79,494	2,83,79,494	32.67	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	3,30,12,784	4,33,75,077	7,63,87,861	87.94	3,52,38,504	4,11,49,357	7,63,87,861	87.94	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,34,83,068	4,33,81,488	8,68,64,556	100	4,57,08,788	4,11,55,768	8,68,64,556	100	-

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	M.Udaia Kumar	10476695	12.06	99.99	10476695	12.06	99.99	0.00

(iii) Change in Promoters' Shareholding: There is no change in shareholding of promoter during the year under review

Sl. No.	Shareholding			Cumulative Shareholding during the year	
	Name of the Shareholder(s)	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year					
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc):					
At the End of the year					



(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1)	Legatum Ventures Limited	3,31,72,603	38.19%	3,31,72,603	38.19%
2)	Jacynth Finvest Limited	91,25,126	10.51%	91,25,126	10.51%
3)	Dr.Vidya Sravanthi	86,89,311	10.00%	86,89,311	10.00%
4)	M Ivan Rushil	76,09,354	8.76%	76,09,354	8.76%
5)	Bamboo Financial Inclusion Mauritius	49,05,791	5.65%	49,05,791	5.65%
6)	Aavishkaar Goodwill India Microfinance Development Company Limited	28,86,001	3.32%	28,86,001	3.32%
7)	Small Industries Development Bank of India	18,83,379	2.17%	18,83,379	2.17%
8)	M.John Michael	11,82,552	1.36%	11,82,552	1.36%
9)	ICICI Bank Limited	10,72,487	1.23%	10,72,487	1.23%
10)	State Bank Of India	6,40,795	0.74%	6,40,795	0.74%

Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc): There is no change in the shareholding of top ten shareholders

1)

At the End of the year

1)	Legatum Ventures Limited	3,31,72,603	38.19%	3,31,72,603	38.19%
2)	Jacynth Finvest Limited	91,25,126	10.51%	91,25,126	10.51%
3)	Dr.Vidya Sravanthi	86,89,311	10.00%	86,89,311	10.00%
4)	M Ivan Rushil	76,09,354	8.76%	76,09,354	8.76%
5)	Bamboo Financial Inclusion Mauritius	49,05,791	5.65%	49,05,791	5.65%
6)	Aavishkaar Goodwill India Microfinance Development Company Limited	28,86,001	3.32%	28,86,001	3.32%
7)	Small Industries Development Bank Of India	18,83,379	2.17%	18,83,379	2.17%
8)	M.John Michael	11,82,552	1.36%	11,82,552	1.36%
9)	ICICI Bank Limited	10,72,487	1.23%	10,72,487	1.23%
10)	State Bank Of India	6,40,795	0.74%	6,40,795	0.74%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. M Udaia Kumar, Managing Director					
	At the beginning of the year	10476695	12.06	10476695	12.06
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc):	0.00	0.00	0.00	0.00
	At the End of the year	10476695	12.06	10476695	12.06



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2500.00	-	-	2500.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1.79	-	-	1.79
Total (i+ii+iii)	2501.79	-	-	2501.79
Change in Indebtedness during the financial year				
Addition	10,000.00	-	-	10,000.00
Reduction	3,241.23	-	-	3,241.23
Net Change Indebtedness at the end of the financial year				
i) Principal Amount	9,258.77	-	-	9,258.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	30.77	-	-	30.77
Total (i+ii+iii)	9,289.54	-	-	9,289.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

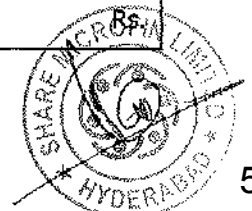
(Rs. In Lakhs)

S. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		Mr. M Udaia Kumar, Managing Director	Ms. Sucharita, Executive Director	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	1,90,00,000	1,25,00,000	3,15,00,000
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (a) as % of profit (b) others, specify	-	-	-
5	Others, please specify PF, Superannuation, Gratuity Insurance	16,24,500	11,52,000	27,76,500
	Total (A)	2,06,24,500	1,36,52,000	3,42,76,500
6	Ceiling as per Act	10,66,099	10,66,099	21,32,198

B. Remuneration to other directors:

(Rs. In Lakhs)

SL	Particulars of Remuneration	Name of Director		
1.	Independent Directors	*Mr. Rajender Mohan Malla	Mr. K Prahlada Rao	* Ms. P Ephatha Naresh
	- Fee for attending board / committee meetings	60,000	80,000	20,000
	- Commission	--	--	--
	- Others, please specify	--	--	--
	Total (1)			
2.	Other Non-Executive Directors	Mr. J Rambabu	* Mr. Verghese Kurudamannil Jacob	Total Amount in



- Fee for attending board / committee meetings	80,000	60,000	
- Commission	--	--	
- Others, please specify	--	--	
Total (2)	80,000	60,000	
		Grand Total	3,00,000

* Ms. P Ephatha Naresh ceased to be Independent Director with effect from May 29, 2023.

* Mr. Rajender Mohan Malla and Mr. Verghese Kurudamannil Jacob were appointed on the Board with effect from May 29, 2023

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Rs. In Lakhs)

S. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		B B Sankara Rao Chief Financial Officer	K Chandra Sekhar Naidu Company Secretary	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	35,43,602	27,46,838	62,90,440
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission (a) as % of profit (b) others, specify...	-	-	-
5	Others, - PF, Superannuation, Gratuity Insurance	-	-	-
	Total	35,43,602	27,46,838	62,90,440

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Place: Hyderabad
 Date: September 04, 2024



By Order of the Board of Directors

Mr. K. Pahlada Rao
 Independent Director
 (DIN: 06734422)

Koti Venkata Rao
 Managing Director
 (DIN: 08245503)



P.M.V. SUBBA RAO & ASSOCIATES

COMPANY SECRETARIES

INSOLVENCY PROFESSIONALS

(Peer Reviewed CS Firm-C No.2142/2022)

IP CS P.M.V. Subba Rao

M.Com, MBA, LL.M, FCS, PGDADR

(Regn No. IBBI/PA-002/IP-N00924/2019-20/13001)

IP CS Padma Priyanka Vangala

B.Com, ACS, LLB

(Regn. No. IBBI/PA-002/IP-N00980/2020-21/13143)

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2024

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

To,
The Members,
Share Microfin Limited
1-224/58, Rajeev Nagar, Nacharam,
Hyderabad - 500076 Telangana

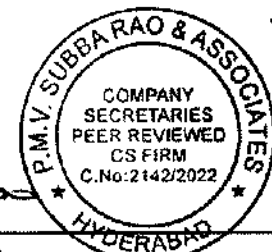
We M/s. PMV Subba Rao & Associates, Practicing Company Secretaries have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Share Microfin Limited** [CIN: U65910TG1999PLC031548] (hereinafter called 'SHARE' or 'the company'). SHARE is an Unlisted Public Limited Company and is registered as a Non-Deposit taking Non-Banking Finance Company (NBFC-ND) under Section 45-IA with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Finance Company – Micro Financial Institution ('NBFC-MFI').

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the **SHARE's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by SHARE ("the Company") for the financial year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;



- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, the extent applicable.
- (v) The Company being an unlisted Company, the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 are not applicable.
- (vi) As informed to us, the following other laws are specifically applicable to the Company:
 - 1) The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;
 - 2) The Prevention of Money laundering Act, 2002 read with and The Prevention of Money-Laundering (Maintenance of Records) Rules, 2005;
 - 3) Various relevant Circulars, Notifications, Master Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time Non-Banking Financial Companies.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

Inter alia Statutes, Acts, Laws, Rules, Regulations, Guidelines and Standards as applicable to the Company are given below:

- 1) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation, etc.;
- 2) Stamps Acts and Registration Acts of respective states;
- 3) Acts as prescribed under Direct Tax and Indirect Tax;
- 4) Land Revenue laws of respective states;
- 5) Labour Welfare Acts of respective states;
- 6) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
- 7) Such other Local laws as applicable to the Company and its offices/ branches.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



Appointment and payment of remuneration of Mr. M Udaia Kumar, Managing Director

On the recommendation of the Board of Directors, in compliance with Sections 196, 197, 198, 203 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013, and Master Directions issued by Reserve Bank of India, the shareholders of the Company at their Annual General Meeting held on September 23, 2023 reappointed Mr. M Udaia Kumar as Managing Director for a term of five years w.e.f., April 01, 2023. The necessary forms intimating the appointment were filed within the specified time limits with Ministry of Corporate Affairs and other regulatory and quasi regulatory authorities.

The Board at its meeting held on March 05, 2023 on the recommendation of Nomination and Remuneration Committee accorded its approval to the payment of remuneration of Rs.1.90 Crore per annum, for a period of three years, commencing from April 01, 2024 to March 31, 2027 to Mr. M Udaia Kumar, Managing Director and recommended the same for approval of shareholders. The necessary forms intimating the approval of remuneration were filed within the specified time limits with Ministry of Corporate Affairs. The appointment and payment of remuneration Mr. M Udaia Kumar, Managing Director is in compliance with applicable provisions of Companies Act, 2013.

Payment of remuneration for remainder tenure of appointment of appointment of Ms.Sucharita, Executive Director

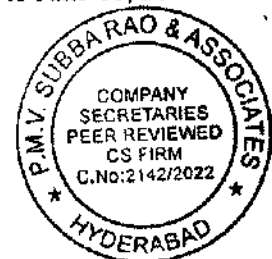

In continuation of resolutions passed at the Annual General Meeting of the Company held on December 19, 2020 and pursuant to the provisions of Sections 197, 198 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013, and Master Directions issued by Reserve Bank of India from time to time, on the recommendation of the Board, the Shareholders of the Company at their Annual General Meeting held on September 23, 2023 accorded approval to the payment of managerial remuneration to Ms. J Sucharita, Executive Director not exceeding Rs.125 Lakh per annum, with effect from November 17, 2023 for the remaining period of her present term of appointment up to November 16, 2025. The appointment and payment of remuneration Ms. J Sucharita, Executive Director is in compliance with applicable provisions of Companies Act, 2013.

Changes in Composition of Board

The Board of Directors at their meeting held on May 29, 2023, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Rajender Mohan Malla (DIN 00136657), as an Additional Director and in the capacity of an Independent Director, with effect from May 29, 2023 to hold office for a term of five consecutive years i.e., from May 29, 2023 till May 28, 2028. The Shareholders at their Annual General Meeting held on September 23, 2023 accorded approval to the same.

Upon nomination from Legatum Ventures Limited (Investor), The Board of Directors at their meeting held on May 29, 2023, on the recommendation of Nomination and Remuneration Committee, appointed Mr. Verghese Kurudamannil Jacob, (DIN: 03432508) as Non-Executive Director with effect from May 29, 2023, as Director liable to retire by rotation. The Shareholders at their Annual General Meeting held on September 23, 2023 accorded approval to the same.

The Shareholders at the Annual General Meeting held on September 23, 2023 on the recommendation of Board approved the reappointment of Mr. K Prahlada Rao as Independent Director on the Board for the second term, to hold office from June 19 2023 up to June 18, 2028.



The Board at its meeting held on May 29, 2023 took note of resignation submitted by Ms. P Ephatha Naresh, Independent Director. The Composition of the Board is in compliance with applicable provisions of the Companies Act, 2013.

We further report that during the audit period:

- a) There is no change in the paid-up equity share capital of the Company. As on March 31, 2024 the Company has 8,68,64,556 Equity Shares of ₹ 10/- each amounting to Rs.86,86,45,560/-.
- b) Foreign technical collaboration not applicable to the Company during the year.

I further report that during the audit period there was no other event/action having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

Place: Hyderabad
Date: July 03, 2024



Per P.M.V. SUBBA RAO & ASSOCIATES
COMPANY SECRETARIES
PEER REVIEWED CS FIRM C.No:2142/2022

P.M.V. SUBBA RAO
Partner
FCS-4432, COP-3374

UDIN: U65910TG1999PLC031548



P.M.V. SUBBA RAO & ASSOCIATES

COMPANY SECRETARIES

INSOLVENCY PROFESSIONALS

(Peer Reviewed CS Firm-C No.2142/2022)

IP CS P.M.V. Subba Rao

M.Com, MBA, LL.M, FCS, PGDADR

(Regn. No. IBBI/PA-002/IP-N00924/2019-20/13001)

IP CS Padma Priyanka Vangala

B.Com, ACS, LLB

(Regn. No. IBBI/PA-002/IP-N00980/2020-21/13143)

To,
The Members
SHARE Microfin Limited
Hyderabad.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad
Date: July 03, 2024



For P.M.V. SUBBA RAO & ASSOCIATES
COMPANY SECRETARIES
PEER REVIEWED CS FIRM C.No:2142/2022


P.M.V. SUBBA RAO
Partner
FCS-4432, COP-3374

UDIN: U65910TG1999PLC031548

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Macro Overview:

The global macro economy and prospects has showcased exceptional resilience and adaptability, maintained a steady growth trajectory, while registering a swift deceleration in inflation rates – reminiscent of its previous rapid escalation. This buoyancy signifies the collective strength of the world, having navigated the initial post-pandemic supply chain disruptions, the consequential energy and food crises stemming from the geopolitical tensions, and the vigorous inflationary pressures that followed.

Going forward, the prospect of global economic growth remains on a steady trajectory, dotted with the diminishing influence of favorable factors and the emergence of tighter credit conditions. While there are expectations for a moderation in inflation, persistent supply chain disruptions and shifting inflation sentiment may hinder this trend. Moreover, pressure is likely to intensify within the business sector, potentially impacting profit margins, which in turn, has the potential to slowdown hiring and expenditure.

Looking forward, the global growth outlook offers a promising yet diverse panorama. Conversely, the emerging markets and developing economies are forecasted to sustain stable growth throughout 2024 and 2025, albeit with regional variations. *(Source: International Monetary Fund's World Economic Outlook – April 2024)*

Indian Economic Overview

The Indian economy continues to shine as a torch bearer of consistent growth within the global economic landscape, delivering one stellar performance after another. Sustaining its upward trajectory, the Indian economy recorded a GDP growth of 8.2% in 2023-24, surpassing the 7.0% growth in the preceding fiscal. Improved performances in sectors such as mining and quarrying, manufacturing, and specific segments of the services sector are driving this growth spurt. The resilience of the Indian economy shines through, supported by a host of factors, including increased public sector investment, a robust financial sector, and notable growth in non-food credit.

The focal point of the Government's economic agenda is the strengthening of India's growth trajectory. This entails revitalizing the financial sector, streamlining business regulations to stimulate economic activity, and substantially improving both physical and digital infrastructure to enhance connectivity and elevate the competitiveness of the manufacturing sector. Aligned with this vision, the Government has introduced a range of economic reforms to cultivate a conducive environment for businesses, improve quality of life, and bolster governance structures and procedures. robust regulations from the Reserve Bank of India (RBI), extensive digital infrastructure, comprehensive credit bureau information, priority sector lending recognition, and the presence of self-regulatory organizations within the industry. These enablers drive forward the agenda of financial inclusion in India. Moreover, this robust framework has attracted global Development Financial Institutions (DFIs) to invest capital, recognizing the sector's alignment with United Nations' Sustainable Development Goals (UN SDGs) and its adherence to strong Environmental, Social, and Governance (ESG) standards. *(Source: MFIN Micrometer, Invest India, Airtel, Great Place to Work)*

Microfinance Industry Overview in India:

India is a second most populous Country in the world with 1.42 billion population wherein 65% of them live in rural areas. India's labour force-Agriculture (60%), Industry (12%) and services (28%) clearly indicates that even today agriculture is a major employment generator.

Microfinance has emerged as an effective tool to enable individuals in poverty to generate income, thereby improving their standard of living and ensuring education and better opportunities for the following generations. By providing access to dependable credit through easily serviceable loans, income generating activities in rural India are now far more sustainable. Microfinance has proven to be a boon to potential women entrepreneurs encouraging them to set-up their businesses making them self-reliable and independent.

Microfinance Industry trend

The annual financial inclusion index of India stood at 60.1 according to the Reserve Bank of India, representing the large growth headroom of the microfinance sector. This highlights the potential for further expansion in the microfinance sector. The continued growth of digital financial services and government

initiatives are expected to enhance financial access. Strengthening financial literacy and support for small enterprises will be crucial in driving this sector's future growth.

The sheer size of the market, characterized by financially excluded households, presents significant growth opportunities for MFIs. This year, we witnessed an unprecedented surge in credit demand from rural areas. This can be attributed to factors such as increased internet penetration, rising income levels, increased consumption of FMCG products, Electricity usage and evolving lifestyles. Moreover, the optimistic economic forecast, including predictions of an above-normal monsoon for FY 2025, shall bode well for agricultural productivity and disposable income in rural regions. These favorable conditions augur positively for MFIs, primarily serving rural communities and catering to the needs of those at the bottom of the economic pyramid.

There is much to be done to reduce this huge demand-supply gap. The market is conducive as there is needed thrust by the Government of India and the regulator (RBI) through needed policy framework, including lending to MFIs through DFIs such as SIDBI, NABARD, MUDRA etc., and providing Priority Sector lending advantages to banks that lend to MFIs. Hence, financial Inclusion through Microfinance falls under the DFI funding principles.

As on 31 March 2024, there are 87 NBFC-MFIs being the largest providers of micro-credit with a loan amount outstanding of **Rs.1,70,903 crore**, accounting for 39.4% of the total industry portfolio. There has been a notable improvement in the overall health of the portfolio compared to the previous year. This improvement is evident in the Portfolio at Risk (PAR) >30, which stood at 3.4% as of March 31, 2024, improved from 3.9%.

Overview of SHARE's Performance in FY-2024

SHARE's operations are well diversified across 295 districts, with a 720 branch network across 18 states. SHARE is among the top 12 MFIs in India, in terms of the branch network. Though the company made full payment to lenders during March 2023 with the help of a Direct Assignment (DA) transaction for about Rs. 388 cr (Rs.367 cr is the consideration), growth funding was not available from Banks due to curing period requirement as per their credit policy guidelines. As such, the company focused on financial institutions (NBFCs) for on balance sheet funding. The company has raised financial resources through Term Loans, Direct Assignments and PTCs besides continuing its strategic partnership with SIDBI, ICICI Bank, ESAF SFB. Therefore, the company managed to maintain a modest AUM of Rs. 550 cr as on March 31, 2024, besides repaying DA book recoveries from the underlying borrowers pertaining to about Rs. 355 cr. Excluding DA book (IBL), in fact the AUM has grown from Rs. 331 cr to Rs. 535 cr on YoY basis with an increase of 62%.

Without rating, the Company was still able to access Rs. 462 cr in funding during FY 2024 under various funding formats (TL+DA+PTC+BC). Considering this, the disbursement in FY24 was Rs. 550 cr. vs. Rs. 931 cr in FY 23. Given that SHARE has secured investment grade rating from ICRA Ratings in May 2024, the Company will raise required funds to achieve the planned level of disbursement and sets sail into the future, with its foremost objectives of streamlining processes, enriching its product spectrum, and broadening its outreach endeavors - all integral components of SHARE's holistic strategy to actualize its goals and foster meaningful progress for the communities it serves.

Client Centric Processes and Product Offerings:

The target clients of SHARE are largely women belonging to low-income and un-banked / under banked rural, semi urban and urban areas in India. Women are the source of strength to the family and the society at large. Target customers are largely dependent on daily wages and willing to run income generating petty businesses, mostly on roadside/ local marketplace /own house.

Regular contact with the customer has always been the priority of our business operations, as we continue to follow the joint liability group model. Field teams connect with microfinance customers at center meetings on a weekly basis, based on borrowers' convenience. These meetings serve as a platform to understand their business needs, loan repayment besides offering the opportunity to enhance financial literacy, responsible borrowing practices and social awareness amongst clients. Due to regular interaction with clients and basis the feedback, we offer customized products and services to address the requirements of our customers.

Primary Loan Products:

Income Generating Loans

SHARE's General Loan product with 50 weeks and 102 to 104 weeks repayment tenor, which caters to women who are mostly from underserved communities generally involved in Agri, Allied activities, Trade and Services. The general loan product is the primary loan product for any client to take cycle-wise and top-up loans. The loan amount and the tenor are decided based on the project and the cashflows of the client. These loans are provided without any collateral but by organizing these women clients in Groups that takes the responsibility of joint liability of a group of five (JLG). The loan application, disbursement and approvals are done at the Group level followed by a Centre of 8 such groups.

Overall, the General loan amount ranges from INR 25,000 to INR 75,000 wherein the maximum loan size in the first cycle is < INR 40,000 and it goes up to maximum INR 75,000 from the second cycle and above with a tenor 50 to 104 weeks. Currently, no top-up/additional loans are offered, and the clients are eligible for renewal loans after the initial loan is fully repaid subject to ensuring minimum attendance of the weekly meetings.

Farmer Interest Group loans (FIG-Agri)

FIG loan product was introduced during FY2023 with a focus on lending to Farmer Groups involved in agriculture and Agri allied activities. Under this product, the loan size ranges from INR 25000 to INR 75000, repayable in 24 monthly installments. The product is also designed based on the JLG principles and concept of sharing joint liability by farmer community.

Vyaapar Vikas Yojana loans (short term MSME)

The target customers are Micro and Small traders with an existing business looking for short-term working capital requirements. These loans are offered without any collateral under the Individual lending methodology. However, the mandatory requirements are registration under the Shops & Establishment Act, UDYAM and a good credit history. The loan size ranges from INR 25000 to INR 1,00,000 repayable in 5 to 24 monthly installments.

LAP – Loan Against Property

LAP loans are offered for a higher loan amount repayable in longer duration based on the project assessment and cashflows. Loans are offered only for specified and genuine business needs like building-up of current assets, furniture and fixtures, purchase of equipment, plant and machinery, repairs & renovation of business unit/ factory etc., and for general business purpose. These loans are fully secured by way of collateral security through mortgage of immovable property.

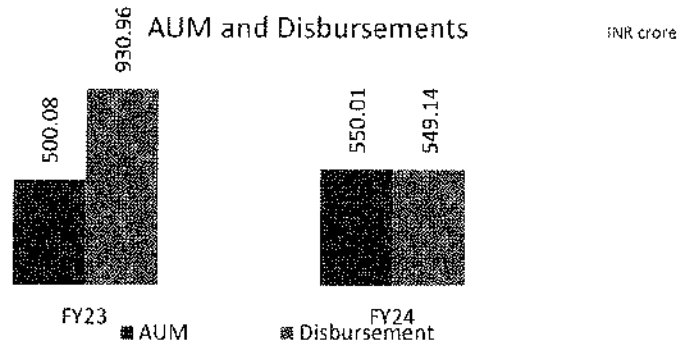
Credit linked Group Term Life Insurance

All clients of the company are covered under the Credit linked Group insurance policy for loan terms. With insurance coverage of the loan amount of the customer, in the unfortunate event of the death of the policyholder, the insurance allows the nominee to receive a sum insured under the policy minus the amount outstanding under the loan agreement at the time of death of insured. This ensures that the nominee is not burdened with the fulfilment of the outstanding loan amount. To safeguard the customer's family in such an unfortunate event, it is mandatory for SHARE's customers to obtain insurance coverage on the loan amount by paying premium payable to the IRDA approved insurer.

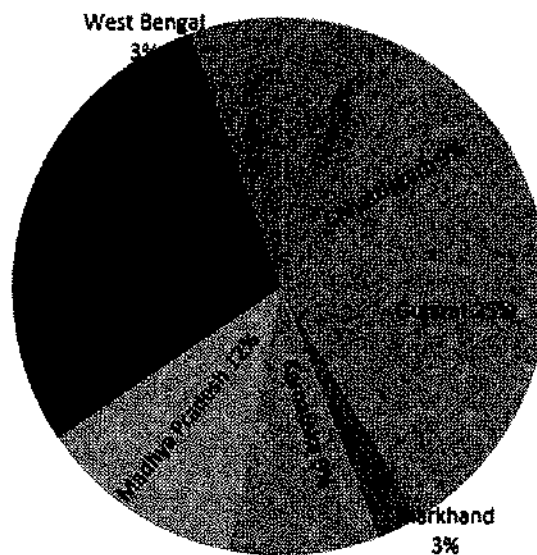
Navigating for Stable, Sustainable Growth

Operational highlights

SHARE is one of the largest NBFC-MFI in terms of branch network with an AUM of INR 550 cr as of March 2024. SHARE continues its operations in 18 states through a network of 720 branches in 11,323 villages. Considering its vintage, these branches are highly potential to demonstrate strong and rapid growth in a short span of time compared to our peers.



The portfolio is well diversified across 18 states. Except Gujarat state, no state has exposure beyond 15% of the total AUM and no district having exposure beyond 2% of the total AUM.



Client vintage - SHARE being the first lender to millions of households across the country carries first mover advantage and brand loyalty. SHARE has empowered over 5.6 million clients and funded millions of women, lead income generating projects and cumulatively disbursed about Rs. 25,000 cr.

Experienced operational teams - SHARE has highly professional and experienced leadership who geared the entity to IPO level. SHARE identifies competent and capable staff members at different levels and provides training to build their capabilities to assume higher responsibilities. The company has committed and experienced Monitoring staff (with over 7 yr avg. vintage). This translates into a deep understanding of Microfinance clients, market, business practices, products and potential to offer varied products and value-added services.

Portfolio quality:

The portfolio quality of the company is the best in the industry with high collection efficiency compared to its peers. The 0+ dpd and 90+ dpd of the company stood at 1.60% and 0.91% respectively as of March 2024 as compared to 0.37% and 0.29% respectively over March 2023. Historically, the company's 0+ and 90+ dpd levels are almost at same level signifying the delinquent portfolio is mainly concentrated in 180+ dpd bucket (180+ dpd stood at 0.55% as of March 2024). The restructured book stood at ~Rs. 15.8 cr as on March 31, 2024 vis-à-vis Rs. 19.08 cr as of March 2023 and Rs. 145 crore as of September 2021.

Inorganic Business:

SHARE has secured funding lines under the Business Correspondent model from three partners. Under this model, the company has made remarkable achievements in select branches wherein the average AUM per branch has grown from INR <1 cr to INR 3.6 cr in a short span of 6 months in 45 locations. Considering the company's financial position, the business Correspondent model is opted to address liquidity issues and

to efficiently leverage underutilized huge branch infrastructure besides improving staff productivity. Under this BC arrangement, SHARE offers products such as Former Interest Group Loans, MSME, Loan Against Property, Micro Banking etc. As on March 31, 2024, the BC book stands at Rs. 269 crore and expected to grow as the company is confident of getting few additional funding lines during FY 2025.

Financial Highlights

For the period ended March 31, 2024, the Company's profit after tax (PAT) stood at Rs. 2.13 crore as against Rs. 4.31 crore during the same period in the previous year, with a slight decrease due to decline in overall AUM. Total revenue from operations for FY24 amounted to **Rs. 88.77** crore as against Rs. 164.28 cr during the same period in the previous year. The reduction in revenue for FY 2024 is attributed to the DA transaction which was done in premium structure where the interest pertaining to this pool was accounted during the previous FY and the reduction in level of disbursements in FY24 was Rs. 550 cr. vs. Rs. 931 in FY 2023. In the backdrop of above, still the company sustained its operations for FY 2024. This could not have been possible without the strict enforcement of proper systems, processes, and financial discipline. The net worth as on March 31, 2024, is **Rs.205.88 crore** as against Rs. 203.75 crore during the same period in the previous year, an increase of 1%. The CRAR of **69.4%** is considerably high as against the regulatory requirement of 15%.

The significant achievement of SHARE is to maintain the current collection efficiency at above 99.45% (99+%) for FY 2024 compared to 99.89% during the same period in the previous year. During the year, SHARE has disbursed **1.15** lakh micro loans amounting to **Rs.549.14** crore towards its microfinance operations empowering women to take up income generating activities for improving their standard of living and experienced 99+% collection efficiency as to the fresh loans disbursed.

Cash Management Services

During FY-2024, the company has continued its strategic alliance with India Post Payment Bank (IPPB) in availing cash management services. This arrangement has enabled the company to reduce the dependence for cash remittance with banks. As per the CMS arrangement, IPPB wants to extend the cash remittance facility to all 720 branches. Post completion of back-end integration, about 80 branches are presently availing the facility with IPPB outlets in line with the terms of the CMS agreement. The company is planning to utilize the services for all our branches with IPPB over a period, thereby curtailing expenditure incurred towards cash remittances made with commercial banks.

KYC integration

The company has integrated with a third party for KYC authentication, De-dupe process and penny drop check. The integration is being piloted, before full implementation of the services for loan applications processing.

Grievance Redressal Mechanism

The company has adopted Grievance Redressal Mechanism to promote client protection to ensure the best operating systems. Customers shall always be treated fairly. The Complaints raised by customers are dealt with courtesy and without undue delay. Customers are fully informed of avenues to escalate their complaints/grievances within the organization and their rights to alternative remedies if they are not fully satisfied with the response of the Company to their complaints. All complaints are to be dealt with efficiently.

Display Charts are available at branches showing the Grievance Cell contact numbers of the Company and the Compliance Officer at RBI. The display charts also include Contact details of Operational In-charges of the Branch related to various products such as Credit, Insurance etc., Further, the Company has provided the Grievance Toll-free telephone numbers on the website and the members loan Passbooks in vernacular languages.

Self-Regulatory Organization (SRO)

MFIN and Sa-Dhan are the SROs appointed by the Reserve Bank of India and SHARE has registered as a member with MFIN and Sa-Dhan. The Company has adopted the institutional Code of Conduct guidelines issued by both the SRO's and updated from time to time.

The company has been regular in submitting quarterly (MFIN Micrometer and Sa-dhan) MF reports and Grievance Redressal Mechanism reports, Annual industry reports etc.

The Company scored 100% in monthly and daily credit bureau submissions (SHARE_SRO Dashboard_Q4 FY 2024).

Impact Assessment study by 60 Decibels

External agencies like **60 Decibels, an impact measurement company in partnership with CGAP** (wing of World Bank) conducted interviews with SHARE Microfin Limited clients and provided a feedback report detailing the social and financial impact of SHARE Microfin Limited on its clients.

Following are few extracts from the report

- 3 in 5 clients are accessing loans like SHARE's loan for the first time.
- 93% of clients reported an increase in money earned and Digitization clients are more likely to report "very much increased".
- 95% of clients reported quality of life improvements because of SHARE Microfin Limited.
- 92% of clients agreed that they didn't have to reduce their household food consumption to make repayments.
- Nearly 9 in 10 clients (90%) say their ability to face a major expense has improved because of SHARE.
- 95% of clients with a financial goal say their ability to achieve this goal has improved because of SHARE Microfin Limited.
- Overall, 3 in 5 clients prefer the new pre-approved loan offer: due to its easy approval process and timely disbursements.
- Loans borrowed from SHARE have proven to have the biggest positive effect on children's education and home improvements, along with an increase in the number and quality of meals.

Digitalization

SHARE's digital strategy is rooted in enhancing customer experiences, improving efficiency, providing a competitive advantage, making data-driven decisions, adapting to change, and building a strong **phygital** (physical plus digital) presence.

The company has strong MIS systems and a branch network well integrated with the company's information technology (IT) systems. Increasing digitization of branch and centre-level functions enabling real-time data updation and report generation allows proactive assessment of risks.

Automated Processes and Seamless Integration include:

- Automated Credit approval process based on the Company's policy standards and specifications without manual intervention.
- Audit logs maintained for critical errors.

Currently, all branches of the company are connected through a secure network. Technology is being used to strengthen internal controls and monitoring processes in line with company policies and procedures. The Company moved to cloud computing technologies and applications are hosted in cloud.

All technological resources are used with the support of the mf-Expert application, consisting of 3 modules i.e., Loan Monitoring System (LMS), F-Accounting, and HRPM which are integrated and utilized for better control and easy evaluation of the data.

Features of mfExpert:

- Server-based architecture
- Offers high-level authorization, data security, and integrity.
- Extremely flexible, portable, scalable, and customised
- Simple and efficient user interface
- Portfolio aging / Quality analysis and customized report preparation
- Enabled Incident management system.
- Integrated with Credit Bureaus

Authenticity:

OTP verification of client mobile number at field level and a dedicated team operating at HO for Member Authentication through centralized KYC verification is available for efficient controls. The software offers role-based Access controls for better Management – Entry/Checker/Approver

Cashless Disbursements:

The Company offers disbursements through NEFT transfer to the customer`s bank account through a centralized loan approval process at the Head office.

Cashless Repayments:

SHARE has collaborated with UPI/Banking & PAYTM platforms for collections.

Technological Interventions:

For quick and real-time access to information and hassle-free transactions, the company initiated and is encouraging mobile-based / online transactions. The company has successfully implemented mobile applications across its branches for operational convenience.

SHARE Staff Mobile APP has enabled:

- Enhanced staff-level engagement during the pandemic
- Real-time information availability and tracking of staff activities.
- Real-time data updating from the field resulting in improved operational efficiency.

SHARE Client Mobile APP

The mobile app aims to seamlessly automate the process of offering various financial services to clients while ensuring information security, transparency & accuracy. Few features of the app include:

- Highly user-friendly with minimal tabs for easy and agile navigation
- Enhanced security features
- Single-click online repayment options through payment gateway (PAYTM)

Digital Projects undertaken by the Company:

SHARE is one amongst 7 MFIs **selected** globally by **CGAP** (Wing of World Bank) for the following Digitization projects:

- Automation of Renewal Loans
- Measurement workstream - Dashboard formulation

Through the **Automation workstream**, SHARE built credit scores based on customer repayment behaviour of existing loans. The company successfully completed the pilot in selected branches across Karnataka.

The **Measurement workstream** was insightful in understanding global microfinance performance indicators such as customer growth trends, behavior trends, loan portfolio, transaction approach such as the number of clients opting for digital and cash transactions, mode of digital transaction, etc.

Add-on features in SHARE Staff Mobile Application:

The Company is in discussions with a third party IT vendor engaged in the business of developing and operating a global solutions platform "NSLHUB" which inter alia provides custom solution development.

The partnership is towards developing a platform that can be integrated with the SHARE Staff Mobile app and offer a user-friendly interface with a focus on:

- a. Increased operational efficiency.
- b. Decreased operational expenses (OPEX)
- c. Increased controls and monitoring

Other Integrations and Partnerships include:

- Integrations for BC operations.
- Integrations with service providers for the following services:
 - a. Complete KYC Authentication

- b. Dedupe Process
- c. Penny Drop Check
- Integrations with IPPB (Indian Post Payments Bank) for cash remittances across the country.

Further, the company has undertaken upgradation of IT infrastructure at the field level for future expansion along with conducting Cyber and Information security training for staff awareness.

The Company has in place a well-documented Board approved Information Technology Policy to mitigate information technology related risks. There is an independent Information Technology Strategy Committee that addresses technology related risks. The Committee periodically reviews the Disaster recovery and Business Continuity Plans to ensure continuity of operations and avoidance of disruption to customer services. The Company also undertakes audits of its IT infrastructure at regular cycles.

Bank Loan Rating, Code of Conduct Assessment (COCA) Rating

- ICRA has issued a credit rating of **BBB- (stable)** during May 2024.
- Secured COCA Assessment of C1 from SMERA Ratings.
- MFIN has issued **Excellent** Rating for Grievance redressal assessment wherein SHARE scored 29.5 out of 30.0 points, all of which ascertain our operational excellence, strong systems, processes, and controls and most importantly, our client centric operational methodology.

Financial Performance with Respect To Operational Performance – FY 2024

The overall performance of the Company was satisfactory in terms of financial and operational aspects. The Company has registered a Portfolio of Rs. 550 crore with a collection efficiency of 99+% and the Net NPA at **0.49%**. The company has a net worth of **Rs.205.88** crore having scope to leverage it for raising debt funds. The total revenues were **Rs.88.77 crore** with total expenses at Rs. 86.64 crore. The PAT for the year is **Rs. 2.13 crore**. Further, the company has been registering profits for the past 8 years, indicating efficient financial management systems of the company.

The income (interest income) from loans disbursed was the major component of revenue and finance cost being the major expense during the year. Operating expenses were on the higher side due to the vast branch network maintained for growth and portfolio diversification.

Considering strong operations, huge branch network and underutilized manpower, the company has huge potential to increase its present AUM by 3 to 4 times in a short span of time once the requisite funding is in place.

Segment-wise or product wise performance:

The Company currently largely offers Joint Liability Group (JLG) model with tenure of one year and two years income generating loans. The JLG product has satisfactorily delivered key results for the Company and the growth attained by it has been consistent despite limited funding availability.

Particulars	As on March 2024	As on March 2023	As on March 2022
States	18	18	18
Number of Districts	295	295	295
Number of Branches	720	720	721
Total Staff	2693	2790	3,134
Number of Members (In Lakhs)	6.61	6.79	7.12
Number of Borrowers (in Lakhs)	1.77	3.33	3.06
Cumulative Loan Disbursals over the years (in crore)	24,949	24,400	23,469
Total Gross Loan Portfolio (in crores)	550	628.45	577.07
Repayment Rate %	99.45%	99.9%	98.34%
PAR > 90 (In crore)	4.99	1.80	3.30

Monitoring and Control mechanism:

At the field level, Divisional Managers and Area Managers are delegated responsibilities to co-ordinate between the Head Office and the Branch Offices. The Divisional Managers are allotted 6 to 7 Area offices. The Area Managers are allotted 5 to 6 branches for which they stand accountable. The Area Manager visits the branches regularly to verify and check operations. It is the prime responsibility of the Divisional Managers and Area Managers to look after the systematic functioning of the Branch offices.

The Senior Management Committee at H.O meets regularly as and when needed, to discuss various operational and administrative aspects and issues. It is supported by the departmental heads who present their reports, issues, and concerns. It reviews business operations and checks with implementation issues at the head office and branch level. Each department head makes a presentation in his respective area of operation and provide their suggestions or feedback to manage or mitigate risks efficiently. Any changes or improvements to be made in the system are discussed. This Committee helps in idea generation for innovative products. The committee takes collective decisions and coordinates as a team to achieve organizational goals. All the heads being interdependent, this Committee facilitates communication flow. All the decisions are taken collectively after carefully analysing the situation.

Internal Control Systems And their Adequacy

SHARE Microfin Limited follows an effective internal control system and the work process is designed in such a way that the process of internal check is ensured at all levels. The company has in place well-documented policies and procedures that cover all critical areas of operations. These policies are regularly reviewed and updated to reflect changes if any in the industry and regulatory environment.

The Company has an efficient and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from misuse or disposition and those transactions are authorized, recorded, and reported correctly.

Assets that are particularly vulnerable to loss, theft, damage, or unauthorized use, such as cash, securities, supplies, and moveable assets are periodically counted and compared to book balances and discrepancies are examined and reasons for shortages are identified, and an action plan is chalked out for controlling such discrepancies.

Adequate segregation of duties at SHARE helps prevent fraud and errors. It ensures that no single individual has control over all aspects of a transaction, reducing the risk of collusion or unauthorized activities, and the internal control is supplemented by an extensive program of internal audits, management reviews, policy guidelines and procedures.

The company uses technology to capture client profiles and loan information, automate validation of loan applications, capture staff attendance through Biometrics, Field verification process, and documentation through algorithms (including Client bank details, KYC). Automated credit decision-making, "Role-based Access controls" Management (Maker/Checker/Approver levels). Seamless integration between Loan Management System, HRPM, and financial accounting for monitoring. Automated journal entries (without manual intervention) into accounting software based on transactions in the Loan Management (Operations Module) and HR module. Alternate creditworthiness checks and Real-time reports driven risk mitigation strategies – including geographic diversification and system capping of geographic exposure.

Client Mobile Application:

The platform provides secure and convenient access to financial services, reducing the need for physical cash transactions, and enhancing transparency. The company streamlined the customer onboarding process by automating customer due diligence and KYC procedures. Online verification of systems, biometric authentication, and digital identity solutions help ensure the integrity of client information and reduce the risk of identity, theft or fraudulent activities.

Secure Systems and Cybersecurity:

The company has deployed robust cybersecurity measures, such as firewalls, encryption, intrusion detection systems, and regular security audits, to help protect against data breaches and unauthorized access.

Cloud Computing and Backup Systems support SHARE with secure and scalable storage solutions, reducing the risk of data loss and ensuring business continuity. Regular data backups and disaster recovery plans are implemented to protect critical information.

Training and Awareness: Staff members are provided appropriate training on the importance of internal controls and their responsibilities in implementing them fostering a culture of compliance and accountability.

KYC Verification:

The Company's KYC policy includes the following four key elements:

- Customer Acceptance Policy (CAP);
- Customer Identification Procedures (CIP);
- Monitoring of Transactions; and
- Risk Management.

The Centralized KYC Cell established at the Head Office / Corporate Office of the Company, verifies all the KYCs submitted by the clients on a daily basis and ensure that such KYCs are in-compliance with the KYC norms and standards prescribed by the Regulator and ensure that such KYCs are visible and meeting all other requirements of this policy and each loan application is approved through the Centralized KYC Verification Cell upon verification and rectification of such data entry error(s) in the Member database / Profile and Loan Application on a case-to-case basis. This process of verification and update will start after the approval of the KYC by the branch manager and ends within 24 hours of the time of the log-in of the application from the branch for approval.

Risks and Concerns

The Risk Management function at SHARE continues to play an enhanced role in risk mitigation across all functions in the Company, in the light of the changing business and economic environment, as well as expectations from Stakeholders and Regulators. The Business & Risk strategies that were deployed appropriately enabled SHARE to remain well-prepared to mitigate the challenges.

The Risk Management function of the Company is led by the Vice President, Risk and has independent reporting to the Risk Management Committee of the Board of Directors, headed by an eminent Independent Director, with regular administrative guidance from the Managing Director of the Company.

Coming out of the trailing impact of COVID-19, SHARE has strategically calibrated and strengthened its risk management framework. The favorable harmonization guidelines from the Reserve Bank of India for the Microfinance Sector were put in place in strict compliance.

In line with RBI guidelines, the Risk based pricing, was implemented in true letter & spirit given that the Risk planning and preparedness are already in place. This was a fundamental and favorable shift for long-term sustainability and the overall health of microfinance institutions, such as SHARE.

Credit Risk evaluation along with strategic planning deployed in SHARE within the regulatory and statutory framework have ensured healthy portfolio in SHARE by the end of FY 2024. Risk strategies implemented have the potential of establishing SHARE as one of the stable, profitable, and well governed MFIs in the country.

Credit Risk Management

SHARE deployed Credit Risk Pricing decision based on the vintage and loyalty of the client associated with the company. With this, SHARE now offers differentiated Credit Risk pricing based on the number of cycles successfully completed by our active borrowers. Regular review of Branch wise and State wise portfolios ensures portfolio concentration to be within the limit set by operational policy.

Operational Risk Management

SHARE's assessment refreshed during the year, continued to proactively provide visibility of operational risks to the business team for effectively assessing operational risk all the way to the frontlines' operating unit, the branches. The Company's risk management policy is based on a clear understanding of various risks, disciplined risk assessment, mitigation procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices in the industry.

The Company has established the Risk & Fraud Control and Monitoring Committee which oversees the management of various risks such as credit risk, liquidity risk, operational risk, and cyber security risk

associated with business, systems, and processes. It aims to establish a consistent approach in management of risks and strive to reach the efficient frontier of risk and return for the organization and its shareholders.

Liquidity and Interest Rate Risk:

The company reviews the status of liquidity and interest rates as per the Asset Liability Management Policy on a quarterly basis to advise on the steps to be taken to mitigate liquidity and interest rate risk.

Cyber Security Risk:

The Information Technology Policy has been designed to provide an overview of the information security requirements and describe the controls that may be used to meet those requirements. Information Technology Policy defines the overall framework for information security risk management. It documents the expected behavior of system, data, and information users. It contains appropriate approach to combat cyber threats and cyber crisis management addressing the aspects viz., (i) Detection, (ii) Response, (iii) Recovery, and (iv) Containment.

IT Disaster Recovery Plan

The objective of the IT Disaster Recovery plan is to protect the company from events that can lead to severe negative consequences. While human actions can lead to a high risk of disaster like cyber-attacks, hacking, etc., there are also natural disasters, as well, including fire, floods, earthquakes, and more. It involves backing up all business data at regular intervals, using a combination of full and incremental backups on predefined backup schedule. Backups are scheduled during the periods of low activity on the network and on a Backup only network.

Cash Management Risk:

As per the existing policy, branches shall remit recovery (cash) collections to the nearby commercial banks on the same day post collecting cash from clients. The cash-in-transit- routing of staff attending the center meeting for collections is prefixed, so that the scope of risk is mitigated. Further, the Field staff shall ensure the cash transactions are completed before noon and zero balances are maintained at the branches.

Currently the company has entered agreement with IPPB (India Post Payment Bank) for remitting cash collected from our borrowers as we are finding it difficult to remit cash in bank branches. Our clients can make use of SHARE's Mobile App to repay weekly installments. The Company has adopted stringent checks and internal controls across all branches. At the regional level, the branch collections are monitored and reconciled daily.

Human Resources / Industrial Relations

1. Workforce Composition:

The total number of staff as of March 2024 was 2693. Out of this, around **95%** of staff are situated in the field. The field staff are mostly recruited from local communities. The company prioritizes recruiting local talent as they have a better understanding of the local culture, language, and community dynamics and can build stronger relationships with clients, effectively communicate financial concepts, and tailor services to meet the specific needs of the community.

Once selected, comprehensive training is provided to field staff to ensure they have the necessary knowledge and skills to perform their roles effectively. This includes training on microfinance principles, code of conduct, fair practices code, client management, loan procedures, and community engagement. By recruiting local talent, the company is contributing to job creation and economic empowerment within these communities.

2. Diversity:

By embracing diversity in workforce composition, SHARE has cultivated an inclusive and equitable workplace. There has been an increase in the total percentage (%) of female staff composition i.e. at **18%** as of March 2024 as against 15% over the previous year.

3. Increased Recruitment:

There has been an increase in the recruitment of staff with an experience level of 0-1 years i.e. **1063** employees as of March 2024 as against **803** recruited in FY 2023.

4. Increase in Recruitment Channels:

For expansion and strengthening the recruitment in the company, apart from offline mode, different recruitment modes /channels have been added.

5. HR Software Updatations, increased capacities:

The Company has streamlined and automated various HR tasks and processes to improve efficiency and enhance employee experiences.

- I. HR Compliance:** The company is compliant with all HR-related statutory and regulatory requirements and guidelines.
- II. Employee Engagement cell:** A Tele-calling/Call centre team at the Head office specializing in multilingual languages and is available to support the recruited candidates.
- III. Standout staff vintage:** The company has about **65%** > 2 years staff vintage.
- IV. Lowest in industry attrition rates:** On an industry level, the company has lower attrition rates and a stable workforce with employees who have been with the company for a longer period, leading to better teamwork, knowledge retention, and smoother operations.

Training

Training programs at SHARE Microfin Limited are diverse and cater to various needs, including financial literacy building, responsible lending, client service, risk management, and innovation. During the financial year 2023-24 about 816 training programs were conducted across different operating states with the support of 7 Regional Training Managers (RTMs). Out of the 2693 total employee strength about 2328 staff belonging to different cadres attended the training programs. The training programs included 299 senior staff members as resource persons for practical and experiential knowledge. Further, PEP (Performance Evaluation Program) held for different cadres and 429 new staff were confirmed as FCA (Field Credit Assistant).

During FY 2023-24, training programs were designed and held, for BC model. In addition, a total of 3 Employee engagement activities in the field and Head office were conducted. One grand staff engagement session was held to motivate field staff in various states.

Training The Trainers (TTT): The prime objective is to build, reinforce and polish the abilities of trainers, TTTs are held for improving product and process knowledge of every staff by helping the regional training managers collect, reiterate and administer appropriate training strategies, methodologies and curriculum on portfolio enhancement, Fair Practices Code, Code of Conduct, BC products, and their applications, cyber security, risk management, marketing, convincing and negotiations, accounting, responsibility upgrades and other relevant topics.

The standard industry attrition was at 50% whereas attrition at SHARE was at 22% in the FY 2023-24 out of which the major portion was of FCA trainees with less than one year tenure in the company.

Opportunities and Threats

NBFC-MFIs have their own sets of opportunities and threats. Every threat is an opportunity to improve, and every opportunity created is a challenge to do better than last time. The Company believes that resilience, adaptability, advancing as per the requirements are the best qualities of any organization to sustain, grow and be relevant to the industry.

Opportunities:

The microfinance system has demonstrated remarkable resilience despite facing three major macroeconomic disruptions in the last seven years. The Joint Liability Group (JLG) model has proven to be operationally robust, ensuring stable growth in normal times and minimizing steep asset quality impact in downturns. The microfinance industry has accelerated the relocation of capital to the bottom of the social pyramid through innovative services over the years. Indian microfinance market highly evolved with strong regulation and system support in place supported by the availability of digital KYC, bank accounts for all

the communities, high mobile penetration, and well-functioning credit bureaus. There are abundant opportunities for every entity in the financial sector.

Higher rural spread:

There is great potential ahead. India remains largely underpenetrated in terms of credit. The focus of the Government aimed at building better infrastructure, particularly in rural areas, will lead to an increasing demand for necessities and comforts; and subsequently increasing the customer base for financial products. As the average per capita income for the country increases, there could be a further increase in the penetration of financial services. About 87% of the borrowers serviced by the Company are situated in rural India. Your Company has continued to uphold its share in rural India since its inception.

Customers connect and product design:

The Company has a presence in 18 States with 720 branches. It has spread its branches to the remotest edge of the country. The opportunities of offering credit through tailored & customized credit offerings are numerous. Company understands customers from the rural and semi urban India and offer them with the suitable products based on their needs. The Company positions customers at the Centre of the brand strategy by understanding their requirements.

Technology leverage:

Company has been enhancing its digital capabilities to offer a superior customer experience. It would also help it to cater to a relatively young Indian population which is increasingly becoming digital. Powered with the help of technology, the Company kept its turnaround time for disbursement to the minimum. The Company has a robust centralized processing system which ensures quick processing of applications and improved customer services. Skilled work force helped Company for easy transformation towards becoming a digitally savvy.

Knowledgeable and Strong Human Resource:

Company has committed, reliable, empathetic, accountable, transparent, and efficient management team and work force. Building an environment of trust and mutual respect is one of the company's constant endeavors. The management team has shown tremendous resilience and extraordinary commitment during the past two years to bring the Company back to its core performance post the pandemic. Exemplary leadership and rich experience have been instrumental in driving the company's growth and expansion. i.e., our core operations leadership team has been associated with us over the last two decades signifying our strong culture. We follow the highest degree of corporate governance driving home loyalty factors in the form of business prosperity and sustainability.

Enhanced regulatory regime:

The Company strictly adheres to the guidelines issued by the RBI viz. Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022, Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, 2023, Master Direction on Outsourcing of Information Technology Services, 2023.

The harmonized new regulations for NBFC-MFIs announced by the Reserve Bank of India (RBI) provides level playing field for all regulated entities (REs) and these guidelines are expected to result in responsible lending protecting the interest of borrowers.. Joint liability group (JLG) loans continued to dominate the loan book profile, however, with the growing ticket size across loan products and the new RBI guidelines, which deregulate the maximum cap on interest rates and lower the minimum required share of MFI loans in the portfolio to 75%, the share of individual and the micro, small, and medium enterprises (MSME) and other non-MFI loans may gradually increase in the portfolio mix in the medium term. The said revision in regulations by the RBI, making standard applications for all MFI lenders, is expected to foster growth for NBFC-MFIs, as well as providing room for diversifying product offerings into different asset classes.

Threats:

Funding Challenges: The avenues of financing and refinancing to NBFC are comparatively limited and are highly dependent upon the Banking Sector. This acts as a resistance to the growth of the NBFC MFIs.

As per MFIN's Report, as on March 31, 2024, NBFC-MFI's have total AUM of Rs.170,903 crore. Outstanding borrowings are Rs.111,542 crore. The year-on-year increase in borrowings outstanding is

14.49% (as against 30.4% for the previous year). The year-on-year increase in Total Asset is 23.57 % as against 28.2% for the previous year.

During FY2024, since majority of bank finance was availed by large MFIs followed by the Medium and Small MFIs respectively and no alternative avenues are in place, small and medium NBFC-MFIs have been facing challenge for fund raising

Increasing interest rates: In the rising interest rate environment, microfinance institutions, especially NBFC-MFI's face pressure on the cost of borrowing, further leading to an adverse impact on their net interest margin. With the new harmonization guidelines in place, the industry is now better positioned from a risk-reward perspective and can adjust its interest rate accordingly.

Natural disasters: The rising effects of global warming are evident from widespread natural disasters witnessed across the globe including our country from droughts, and heat waves to extreme floods. The low-income borrowers are particularly vulnerable given their lack of infrastructure to withstand extreme natural disasters. The clients of the Company are from marginal sections of society and bear the major burnt of natural disasters and usually get displaced. Such disasters may cause delayed recovery.

Outlook – Way forward for FY 2025

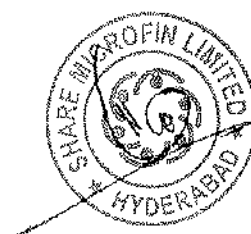
With the growth rebounded in FY2022, FY2023 & FY2024, NBFC-MFIs are growing at 17%, 37% & 19.7% Y-o-Y, supported by improving macro-economic environment. This growth momentum is expected to continue, with industry projecting a healthy loan growth of around 25% in FY25 for NBFC-MFIs.

Since the implementation of the new harmonized MFI framework by the RBI starting from April 1, 2022, NBFC_MFIs have experienced a significant increase in market share. We expect this trend to continue for FY 2025, driven by new borrower additions across India, higher loan amounts for individual borrowers and introductions of new products to cater to evolving customer needs. Over the past three financial years, NBFCs largely focused on liquidity, capital, and provisioning buffer. This, combined with the consistent improvement in economic activity, has put the sector in a better position today to capitalize on growth opportunities.

Given the well-distributed large branch infrastructure of SHARE especially in the underserved regions of India, SHARE is aptly placed to serve the rural, low-income, underserved women clients. SHARE is poised for significant growth in its on and off-balance sheet portfolio this year. During FY2024, the Company plans to deepen its reach in its existing 720 branch network and serve **3.77 lakh** customers with assets under management of **Rs. 1120 cr** by the end of **March 2025**, based on the funding availability to the Company. To achieve this, the Company would efficiently utilize its existing branch infrastructure catering various financial products and services to the borrowers. The company is on the path of leveraging technology to automate processes, and provide best in class services, reduce costs, and improve customer service and aims to make its dent and contribution to the financial inclusion agenda of our nation.

Cautionary Statement

This report contains forward-looking statements extracted from reports of Government Authorities / Bodies, Industry Associations etc., available in the public domain, which may involve risks and uncertainties including, but not limited to, economic conditions, government policies, dependence on certain businesses, and other factors. Actual results, performance, or achievements could differ materially from those expressed or implied in such forward-looking statements. This report should be read in conjunction with the financial statements included herein and the notes thereto. The Company does not undertake to update these statements.



INDEPENDENT AUDITOR'S REPORT

To the Members of Share Microfin Limited

Report on the Audit of Financial Statements

Opinion

We have audited the Financial Statements of Share Microfin Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, and the Statement of Profit and Loss and the 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 Financial Statements give the information required by the Companies Act, 2013, as amended ("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 2024, and its profit and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (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 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 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 audit opinion on the Financial Statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report ("other information"), but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 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.

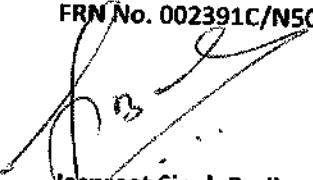
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure 1" 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 and the Statement of Cash Flow and Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid 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 as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 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 with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure2";
 - (g) 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
 - ii. The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses;

Report on Other Legal and Regulatory Requirements (Continued)

- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 40(I)(a) to the accounts, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 40(I)(b) to the accounts, during the year no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- (d) Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.
- v. The Company has not declared or paid any equity dividend during the year.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069


Jaspreet Singh Bedi
Partner
Membership No.: 601788
UDIN: 24601788BKFMPE8519

Place: Mumbai
Date: 22 April 2024

Annexure 1 referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

Re: Share Microfin Limited ("the Company")

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (a) (B) The Company has not capitalized any intangible assets in the books of the Company and accordingly, the requirement to report on clause 3(i)(a)(B) of the Order is not applicable to the Company.
- (b) The Company has a regular programme of physical verification of its fixed assets including property, plant and equipment by which the fixed assets including property, plant and equipment are verified by the management in accordance with a planned programme of verifying during the year. In accordance with the policy, the Company has physically verified property, plant and equipment during the current year and no discrepancies were noticed in respect of assets verified by management.
- (c) According to information and explanations given to us, the title deeds of all the immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year ended 31 March 2024.
- (e) According to information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on Clause (ii)(b) of the Order is not applicable to the Company.
- (iii) (a) The Company's principal business is to give loans accordingly, Clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) During the year the terms and conditions of the grant of all loans and advances to Companies, firms, Limited Liability Partnerships or any other parties are not prejudicial to the Company's interest.
- (c) In respect of loans granted to Companies, firms, Limited Liability Partnerships or any other parties, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

Sector	Amount (In Rs. lakhs)	Due date	Extent of delay (In days)	Remarks, If any
Agriculture & allied activities (Processing and Trading) – Micro Finance Loans	147.47	Various due dates	More than one day	-

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Sector	Amount (In Rs. lakhs)	Due date	Extent of delay (In days)	Remarks, if any
Non-Agriculture & allied activities (Trading & Services)	136.07	Various due dates	More than one day	-
Other Services	63.24	Various due dates	More than one day	-

(d) The following amounts are overdue for more than ninety days from Companies to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

Sector	No. of cases	Total Overdue (in Rs. lakhs)	Remarks, if any
Agriculture & allied activities (Processing and Trading) – Micro Finance Loans	720	143.84	-
Non-Agriculture & allied activities (Trading & Services)	636	133.94	-
Other Services	293	61.63	-

(e) The Company's principal business is to give loans. Accordingly, the provision of Clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanations given to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to Promoters, related parties as defined in clause 2(76) of Companies Act, 2013.

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no loans, investments, guarantee or securities given in respect of which provisions of Sections 185 and 186 of the Companies Act, 2013 are applicable. Accordingly, the provision of Clause (iv) of the Order is not applicable to the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company have generally been regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employee's state insurance, income-tax and other statutory dues applicable to it though there has been slight delay in few cases. The provisions relating to duty of customs, sales-tax, duty of excise and value added tax are currently not applicable to Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable
- (b) According to the records of the Company, the dues of goods and services tax, income-tax, sales tax, service tax, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount involved (Rs. In lakhs)	Amount Unpaid (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Demand Raised under Section 143(3)	4062.76	2293.80	Assessment year 2017-18	Commissioner of Income-tax (Appeals)
Chapter V of the Finance Act, 1994	Service Tax (excluding Interest and penalty)	109.18	74.04	Financial year 2009 to 2014	Customs Excise & Service Tax Appellate Tribunal (CESTAT)
Goods and Service Tax Act, 2017	Demand Raised Under Section 73	219.86	219.86	Financial Year 2017-18 to 2021-22	Commissioner (Appeals)

- (viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- (d) The Company did not raise any funds on short term basis during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company
- (e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.
- (x) (a) According to the information and explanations are given to us, the Company has not raised any money by way of initial public offer or further public offer and hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) According to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.

- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) According to the Information and explanations given to us and audit procedures performed by us, the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any Non-Banking Financial activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xv)(d) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 39 and note 2B (a to d) to the financial statements, ageing and expected dates of realization of current assets and payment of current liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is

NANGIA & CO LLP

CHARTERED ACCOUNTANTS

based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 38 to the financial statements.
- (b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 38 to the financial statements.
- (xxi) The Company does not prepare consolidated financial statements, hence the requirement to report on clause 3(xxi) of the Order is not applicable to the Company.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N500069



Jaspreet Singh Bedi

Partner

Membership No.: 601788

UDIN: 24601788BKFMPE8519

Place: Mumbai

Date: 22 April 2024

4th Floor, Iconic Tower, URMI Estate, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400 013, India
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LLP Registration NO. AAJ-1379

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"ANNEXURE 2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SHARE MICROFIN LIMITED

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

**To
The Member of
Share Microfin Limited**

We have audited the internal financial controls over financial reporting of Share Microfin Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the 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 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 Institute of Chartered Accountants of India 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 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 was established and maintained and if such controls operated effectively in all material respects.

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

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

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LLP Registration NO. AAI-1379
Noida - New Delhi - Gurugram - Mumbai - Bengaluru - Chennai - Pune - Dehradun

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 Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024 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 ICAI.

For Nangia & Co. LLP
Chartered Accountants
FRN No. 002391C/N509069



Jaspreet Singh Bedi
Partner

Membership No.: 601788
UDIN: 24601788BKFMPE8519

Place: Mumbai
Date: 22 April 2024

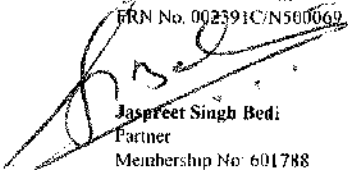
Balance Sheet as at March 31, 2024
(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-24	31-Mar-23
Equity and liabilities			
Shareholders' funds			
Share capital	4	868,645,560	868,645,560
Reserves and surplus	5	1,190,151,291	1,168,830,011
		2,058,797,551	2,037,475,571
Non-current liabilities			
Long-term borrowings	6A	283,625,275	142,855,000
Long-term provisions	7	24,364	201,815
		283,649,639	143,056,815
Current liabilities			
Short-term borrowings	6B	642,251,511	107,145,000
Other current liabilities	8	159,867,243	724,940,014
Short-term provisions	7	50,273,407	40,387,845
		852,392,161	872,472,859
TOTAL		3,194,839,351	3,053,005,245
Assets			
Non-current assets			
Property, Plant and Equipment and Intangible assets			
Property, Plant and Equipment	9	35,979,395	34,143,003
Intangible assets	10	-	-
Non-current investments	11	4,000,000	4,000,000
Long-term loans and advances	12	761,695,528	554,141,564
Other non-current assets	13	22,397,860	19,657,010
		824,072,783	611,941,577
Current assets			
Cash and cash equivalents	14	313,154,263	351,832,096
Short-term loans and advances	12	1,686,520,898	1,966,895,134
Other current assets	13	371,091,407	122,336,438
		2,370,766,568	2,441,063,668
TOTAL		4,194,839,351	3,053,005,245


See accompanying notes forming part of the financial statements

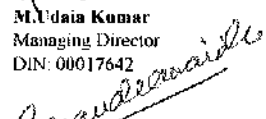
In terms of our report attached

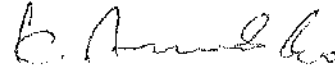
 For Nangia & Co LLP
 Chartered Accountants
 FRN No. 002391C/N500069

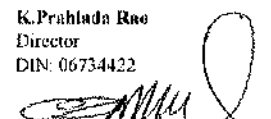

Jaspreet Singh Bedi
 Partner
 Membership No: 601788

 For and on behalf of the Board of Directors of
 Share Microfin Limited


M.Udaia Kumar
 Managing Director
 DIN: 00017642


K.Chandrasekhur Naidu
 Company Secretary
 Membership No: A16684


K.Prahlada Rao
 Director
 DIN: 06734422


B.B.Sankara Rao
 Chief Financial Officer

 Place: Mumbai
 Date: April 22, 2024

 Place: Hyderabad
 Date: April 22, 2024




Statement of profit and loss for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-24	31-Mar-23
Income			
Revenue from operations	15	792,958,744	1,589,642,951
Other income	16	94,701,375	53,152,410
Total income (I)		887,660,119	1,642,795,361
Expenses			
Employee benefit expense	17	514,694,346	707,424,687
Finance costs	18	76,865,087	571,755,833
Other expenses	19	252,494,739	346,462,366
Depreciation and amortisation expense	9 & 10	12,575,856	11,473,153
Provision and write-offs	20	9,708,111	(37,382,373)
Total expenses (II)		866,338,139	1,599,733,666
Profit before tax (III)=(I)-(II)		21,321,980	43,061,695
Tax expenses			
Current tax		-	-
Total tax expense (IV)		-	-
Profit for the year (III)-(IV)		21,321,980	43,061,695
Earnings per equity share (nominal value of share Rs.10 (March 31, 2023: Rs.10))			
Basic	30	0.24	0.50
Diluted	30	0.24	0.50



See accompanying notes forming part of the financial statements

In terms of our report attached

For Nangia & Co LLP
Chartered Accountants
FRN No. 002391/C/N/S00069

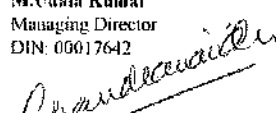

Anpreet Singh Bedi
Partner
Membership No: 601788

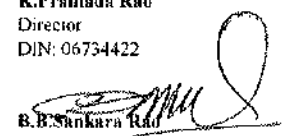
For and on behalf of the Board of Directors of
Share Microfin Limited

M. Udaya Kumar
Managing Director
DIN: 06017642

K. Prabhada Rao
Director
DIN: 06734422


K. Chandra Sekhar Naidu
Company Secretary
Membership No: A16684


B. B. Sankara Rao
Chief Financial Officer

Place: Mumbai
Date: April 22, 2024

Place: Hyderabad
Date: April 22, 2024




Cash flow statement for the period ended March 31, 2024
(Amount in Rupees unless otherwise stated)

	31-Mar-24	31-Mar-23
Cash flow from operating activities		
Profit before tax	21,321,980	43,061,695
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	12,575,856	11,473,153
(Profit) / loss on sale of fixed assets	(385,164)	(373,546)
Gain on maturity of current investment (non trade)	(3,882,077)	(1,725,117)
Provision for non-performing assets	8,579,145	(327,617,311)
Contingent provision against standard assets	1,128,966	(36,369,099)
Provision for service tax cases	1,850,456	-
Portfolio loans and other balances written off	-	326,604,037
Other provisions and write offs	806,696	271,772
Grant on Direct Assignment	-	(188,228,538)
Discounting charges on Direct assignment	-	71,132,757
Excess provision written back	(27,741,481)	(31,794,592)
Operating (loss) / profit before working capital changes	14,254,377	(133,474,789)
Movements in working capital :		
Increase / (decrease) in other current liabilities	(537,331,290)	661,903,512
Increase / (decrease) in provisions	(1,850,456)	(326,604,037)
Decrease / (increase) in loans and advances	(699,106,844)	(3,065,523)
Decrease / (increase) in other non-current assets	(2,740,850)	1,247,678
Decrease / (increase) in other current assets	(248,754,969)	263,553,569
Cash generated from / (used in) operations	(1,475,530,032)	463,560,410
Direct taxes paid (net of refunds)	(49,838,935)	(908,992)
Net cash flow from / (used in) operating activities (A)	(1,525,568,965)	462,651,418
Cash flows from investing activities		
Purchase of fixed assets	(15,365,823)	(8,102,096)
Proceeds from sale of fixed assets	1,278,739	500,577
Purchase of current investments	(2,036,080,800)	(830,000,000)
Proceeds from sale of current investments	2,039,862,077	831,725,117
Net cash flow from/ (used in) investing activities (B)	(19,145,007)	(5,876,402)
Cash flows from financing activities		
Dividend paid	-	(4,362)
Redemption of Preference shares (including redemption premium)	-	(426,923,368)
Proceeds from direct assignment/ securitisation of portfolio	820,959,353	3,673,683,527
Long-term borrowings along with interest (net)	675,876,786	(3,477,329,018)
Net cash flow (used in) / from in financing activities (C)	1,496,836,136	(230,573,121)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(18,677,633)	226,201,895
Cash and cash equivalents at the beginning of the year	351,832,096	125,630,201
Cash and cash equivalents at the end of the year (refer note 14)	313,154,263	351,832,096
Components of cash and cash equivalents		
Cash on hand	27,574	40,690
With banks		
- on current account	97,383,857	266,778,954
- on deposit account	215,742,832	85,012,452
Total cash and cash equivalents	313,154,263	351,832,096

See accompanying notes forming part of the financial statements

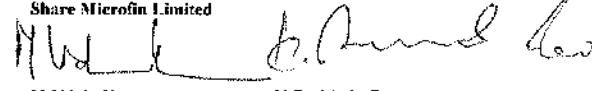
In terms of our report attached

 For Nangia & Co LLP
 Chartered Accountants
 FRN No. 002391/C/N/500069

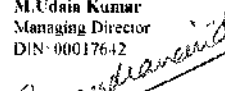

 Jaspreet Singh Bedi
 Partner
 Membership No. 601788

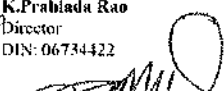
 Place: Mumbai
 Date: April 22, 2024

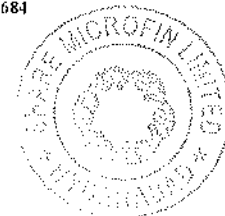
 For and on behalf of the Board of Directors of
 Share Microfin Limited


 M. Udain Kumar
 Managing Director
 DIN: 00017642

 K. Prabhada Rao
 Director
 DIN: 06734422


 K. Chandra Sekhar Naidu
 Company Secretary
 Membership No. A16684


 B. B. Santhara Rao
 Chief Financial Officer

 Place: Hyderabad
 Date: April 22, 2024


1. Corporate Information

Share Microfin Limited ('SHARE' or 'the Company') is a public Company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and is classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from December 18, 2014.

The Company is engaged in providing financial services to women in India through the organization of Joint Liability Groups ('JLG'). The Company provides small value, collateral free, loans and other loans to women. In the initial stages of group formation and mobilization, the operations also involve efforts on development training, efforts on financial discipline, advice on the micro enterprises carried out by the individual members, and later, constant monitoring through weekly/ monthly meetings.

2. Regulatory and Company updates
A. Significant developments in prior years:

- a) With the introduction of "The Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act, 2011 (Act 1 of 2011)" on December 31, 2010, the Company incurred substantial losses, primarily on account of loan provisioning, and faced liquidity constraints for servicing its loan borrowings. Consequently a Corporate Debt Restructuring (CDR) package was approved by the lenders under Master Restructuring agreement (MRA), dated September 24, 2011. However, as envisaged in CDR Package, the situation did not improve in united Andhra Pradesh and to further enhance the financial position and on the advice of the stake holders, the Company entered into a Scheme of Arrangement (hereinafter referred as 'the Scheme') with Asmitha Microfin Limited ('Asmitha'). The Honorable High Court of Hyderabad approved the Scheme on April 18, 2017. By the virtue of the Scheme, all operations of Asmitha in the states of other than Andhra Pradesh and Telangana ('Non-AP Business'), stand transferred, merged and vested with the Company ('the resulting Non-AP Entity'), while all operations of the Company of the states of Andhra Pradesh and Telangana ('AP Business'), stand transferred, merged and vested with Asmitha (the resulting AP Entity) with effect from April 01, 2015 ('the Appointed Date').

The Company made necessary adjustments in its books of accounts / records and drawn financial statements for FY 2016-17 by giving full impact as per scheme of arrangement. The Company also completed implementation of the scheme in the business operations during FY 2017-18

- b) During previous year, the company has entered into a Payment agreement-2023 with all the erstwhile lenders on March 27, 2023 wherein lenders provided confirmation of balances, arrived post implementation of scheme of arrangement and agreed to release the security interest upon making the payment as per this agreement.
- c) The company has entered into a Direct Assignment agreement with IndusInd Bank Ltd on March 29, 2023 for an amount of Rs.355,66,37,846. The company received net purchase consideration of Rs.367,36,83,627 along with premium of Rs.18,81,78,538 as reduced by hair cut of 2% on principal portion of portfolio assigned.
- d) The company also entered into an escrow account agreement with IndusInd Bank on March 27, 2023, where in all proceeds of Direct Assignment and internal accruals of the company towards differential amount were transferred into an escrow account with IndusInd Bank. Total amount of Rs.409,43,60,586 was paid to all lenders from the escrow account towards full and final payment on March 29, 2023
- e) Further, post completion of payment transaction, the company has received a fresh term loan of Rs.25,00,00,000 from Maanaveeya Development & Finance (p) Ltd.

B. Significant current year developments:

- a. Post payment transaction, the incoming lenders took some time to take fresh exposure in the company.
- b. However, there was traction from Q2 of FY24 and the company could access term loans worth Rs.100 cr till March, 2024.
- c. With respect to BC operations, the Company disbursed Rs.279.50 cr during FY 2024 and Outstanding as of March'24 stands at Rs.268.94 cr against sanctioned limits of Rs.500 cr. Currently, the Company has fully utilized Rs.100 cr of BC limit with SIDBI. The company is in the process of utilizing Rs.100 cr limit with ICICI Bank. Further, ESAF has already increased the BC limit to Rs.300 cr.



- d. As there was under utilization of branch network and staff and in order to ensure optimum utilisation of available man power, the company provided project advisory and other technical services to other small MFIs and SMEs. This helped the company to cover some of its costs and engage the staff with sufficient work.

C. Potential implication of COVID-19 Pandemic:

The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Company's activities were severely disrupted initially due to the lockdown, the nature of the business being such that it was not possible to function entirely remotely. Critical activities such as loan disbursements and loan collections were severely impacted initially. The impact got further aggravated during the second wave (during FY22) wherein, there was substantial impact on avenues of livelihood which inadvertently delayed the revival process.

During the year 2020, RBI issued a circular DOR.No.BP.BC/21.04.048/2020-21 dated August 06, 2020 ('Resolution Framework for COVID-19-related Stress') with the intent to facilitate revival of business activities and mitigate the impact on the ultimate borrowers having stress on account of COVID-19.

Further, during the year 2021, RBI issued another circular RBI/2021-22/31DOR,STR.REC.11/ 21.04.048/2021-22 May 5, 2021 on Resolution Framework 2.0 in continuation to the earlier circular. The benefit under Resolution Framework 2.0 was also extended to the clients who have earlier availed the benefit under erstwhile Resolution Framework 1.0 for the residual tenor of the moratorium.

The Company has put in place a Board approved policy in this regard and has deferred loan instalments of 3,80,675 (3,08,024 under RF1 & 72,651 under RF2) borrowers amounting to Rs.683.65 cr based on borrower's request for moratorium.

As these borrowers are still in the process of recovering from the impact of COVID, they have requested us to either provide rehabilitation / additional loan or defer their loan instalments for a further period of 2 years i.e., till September 30, 2024. Considering the special situation and recommendations/ advice received from the concerned centre members regarding the impact of COVID on the respective borrowers' income generating activities and also the current liquidity position of the company, it is proposed to accept for deferment of loan instalments till September 30, 2024.

As against the above, balance outstanding as on March 31, 2024 is Rs.15,83,09,347 and the Company carries provision amounting to Rs.1,58,30,935 on outstanding amount on the above stated cases under resolution plan.

The Company has complied with the minimum provisioning requirements of the RBI. Based on the business outlook, the additional efforts of the company, and considering the current momentum of business resumption, particularly collection trends, no further conservative provisioning overlays in relation to the loan portfolio are considered necessary.

The provisions made in relation to loans and other receivables, as explained above, are as per the best estimate of the management as at the date of these financial statements. Given the impact of the pandemic over the macro-economic conditions and business, actual amounts, may be different from those currently estimated and applied in the financial statements. The company continues to closely monitor the situation and revisions to current estimates, if any will be prospectively recognised.

3. Basis of preparation

- a) The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Accounting standards) Rules, 2016, as applicable and the guidelines /provisions of the Reserve Bank of India ('RBI') as applicable to a non-banking financial Company – micro finance institution. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on a realisation basis.
- b) The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.



3.1 Summary of significant accounting policies
a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

b) Revenue recognition

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

- (i) Interest income on portfolio loans given is recognized on accrual basis except in case of Non Performing Assets. Income including interest or any other charges on non-performing asset is recognized only when realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.
- (ii) Interest income on deposits with banks is recognized on a time proportion accrual basis, taking into account the amount outstanding and interest rate applicable.
- (iii) Loan processing fees collected from members are recognized on an upfront basis.
- (iv) Amounts received against previously written-off loans are recognized on receipt basis and classified under other operating revenue.
- (v) Income from Business Correspondent services is recognized as and when the services are rendered
- (vi) Income from assignment transactions and securitization transactions i.e. excess interest spread is recognised as and when the realized and loan assets are de-recognised.

c) Property, plant and equipments

All property, plant and equipments are stated at historical cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

d) Depreciation

- (i) Depreciation on property, plant and equipments provided on a straight line method at the rates prescribed under Part 'C' of Schedule II of The Companies Act 2013, which is also as per the useful life of the assets estimated by the management.
- (ii) Lease hold improvements are amortized over the primary lease period.

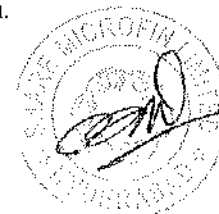
e) Intangible assets

Software expenditure is capitalized in accordance with AS-26 "Intangible Assets" notified by the Companies (Accounting Standards) Rules, 2006 (as amended). It is amortized on a straight line method over 6 years which is as per the useful life of the assets estimated by the management.

f) Impairment of tangible and intangible assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.



The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

g) Leases (where the Company is the lessee)

Leases, where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h) Foreign currency transactions

- (i) All foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction.
- (ii) Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- (iii) 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 year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise.

i) Retirement and other employee benefits.

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

Defined contribution plans:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

j) Income taxes

- (i) Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- (ii) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.



- (iii) Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
- (iv) The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- (v) Minimum Alternative Tax (MAT) is determined in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT credit entitlement is recognised as asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) 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.

l) Provisions

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and prospectively adjusted to reflect the current best estimates.

Provision for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Company recognizes an impairment loss on the assets associated with that contract.

m) Write-off of portfolio and other loans & advances

Portfolio or other loans are written-off only after all the recovery measures are exhausted or loans overdue for more than 720 days or loan is treated as Loss Asset by the management

n) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

o) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand, and short-term investments with an original maturity of three months or less.



p) Cash flow statement

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

q) Dividend paid

Dividend payable on equity shares is recognized when approved by the shareholders at the Annual General Meeting.

r) Classifications of loan portfolio

All Portfolio loans and advances are classified as Standard and Non-Performing Assets in accordance with para 116 of the Master Directions (NBFC –Scale based regulations) dated October 19, 2023.

s) Provisioning policy for loan portfolio

- (i) Unsecured loan portfolio is provided for in accordance with section VI of the NBFC Master Directions which require the total provision to be higher of:
 - (a) 1% of the outstanding loan portfolio; or
 - (b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.
- (ii) For all other loans and advances provision is in accordance with the NBFC Master Directions.
- (iii) Based on para 116 read with para 16 of the Master Directions (NBFC –Scale based regulations) dated October 19, 2023 the contingent provisions against Standard Assets of 0.25% is made.

t) Investments

Investments, which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC Master Directions. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and disposal proceeds are charged or credited to the statement of profit and loss.

u) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

v) Operating Cycle

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



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

4. Share capital	31-Mar-24	31-Mar-23
Authorized share capital		
10,00,00,000 (March 31, 2023: 10,00,00,000) equity shares of Rs.10 each	1,000,000,000	1,000,000,000
73,00,00,000 (March 31, 2023: 73,00,00,000) preference shares of Rs.10 each	7,300,000,000	7,300,000,000
Issued, subscribed and fully paid-up shares		
Equity share capital		
8,68,64,556 (March 31, 2023: 8,68,64,556) equity shares of Rs.10 each fully paid up	868,645,560	868,645,560
Preference share capital		
	-	-
Total issued, subscribed, fully paid-up equity and preference share capital	868,645,560	868,645,560

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares of par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company declares and pays dividends in Indian rupees.

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

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

Particulars	31-Mar-24		31-Mar-23	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	86,864,556	868,645,560	86,864,556	868,645,560
Issued during the year	-	-	-	-
Outstanding at the end of the year	86,864,556	868,645,560	86,864,556	868,645,560

Preference shares

Particulars	31-Mar-24		31-Mar-23	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	-	-	21,830,346	218,303,460
Issued during the year	-	-	-	-
Extinguished during the year	-	-	-	-
Redeemed during the year	-	-	(21,830,346)	(218,303,460)
Outstanding at the end of the year	-	-	-	-

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

Equity shares of Rs.10 each fully paid	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Legatum Ventures Limited	33,172,603	38.19%	33,172,603	38.19%
M Udaia Kumar	10,476,695	12.06%	10,476,695	12.06%
Jacynth Farvest Limited	9,125,126	10.51%	9,125,126	10.51%
Dr Vidya Sravanthi	8,689,311	10.00%	8,689,311	10.00%
R Ivan	7,609,354	8.76%	7,609,354	8.76%
Bamboo Financial Inclusion Mauritius	4,905,791	5.65%	4,905,791	5.65%

(d) Details of shares held by promoters as on March 31, 2024

Promoter name	No. of Shares	% of total shares	% Share during the year
M.Udaia Kumar	10,476,695	12.06%	Nil

Details of shares held by promoters as on March 31, 2023

Promoter name	No. of Shares	% of total shares	% Share during the year
M.Udaia Kumar	10,476,695	12.06%	Nil

(e) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the balance sheet date: Nil



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

5. Reserves and surplus	31-Mar-24	31-Mar-23
Capital Reserve		
Balance as per the last financial statements	10,612,289,355	10,612,289,355
Closing Balance (A)	10,612,289,355	10,612,289,355
Securities premium		
Balance as per the last financial statements	610,966,402	636,841,258
(Less)/Add: Redemption premium on OCCRPS (Refer Note 5) below	-	(25,874,856)
Closing Balance (B)	610,966,402	610,966,402
Statutory reserve		
Balance as per the last financial statements	517,346,504	507,395,804
Add: Addition during the year	4,264,400	9,950,700
Closing Balance (C)	521,610,904	517,346,504
General reserve		
Balance as per the last financial statements	433,500,000	433,500,000
Closing Balance (D)	433,500,000	433,500,000
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(11,005,272,250)	(11,038,381,064)
Add: Profit for the year	21,321,980	43,061,695
Less: Proposed dividend on OCCRPS	-	(2,181)
Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(4,264,400)	(9,950,700)
Net (deficit) in the statement of profit and loss (E)	(10,988,214,670)	(11,005,272,250)
Total reserves and surplus (A+B+C+D+E)	1,190,151,991	1,168,830,011

Note:

- Capital Reserve – Capital Reserve is created as a result of demerger
- Securities premium - Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- Statutory reserve - Statutory reserves u/s 45-IC of The RBI Act, 1934: Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45- IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.
- General reserve – General Reserves are created from Profit and Loss Account
- An amount of Rs.Nil (March 31, 2023: Rs.20,86,19,926) representing the premium on OCCRPS, is transferred to current liabilities and redeemed during March, 2023.
- Since the Company has inadequate balance in the free reserves as on March 31, 2023, the Company is not eligible to declare any dividends in terms of section 123 of the Companies Act, 2013. However, the Company has obtained an approval from the Ministry of Corporate Affairs in the financial year 2013-14 for the payment towards redemption of all OCCRPS.



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

6A. Long-term borrowings	Non-current portion		Current maturities	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Term loans				
Secured borrowings	28,36,25,275	14,28,55,000	64,22,51,511	10,71,45,000
Total	28,36,25,275	14,28,55,000	64,22,51,511	10,71,45,000
The above amount includes				
Secured borrowings	-	-	64,22,51,511	10,71,45,000
Amount disclosed under the head "short-term borrowings"	-	-	(64,22,51,511)	(10,71,45,000)
Net amount	28,36,25,275	14,28,55,000		

For terms of repayment and rate of interest refer note 6(a) and (b). The Term Loan is secured by first rank and an exclusive charge by way of hypothecation of book debts.

6B. Short-term borrowings	31-Mar-24	31-Mar-23
Current maturities of long-term borrowings	64,22,51,511	10,71,45,000
Total	64,22,51,511	10,71,45,000



6A. Long term borrowings (contd.)

(a). Terms of repayment of borrowings as on March 31, 2024

(Amount in Rupees unless otherwise stated)

Name of the Lender	Tranche	Due within 1 year		Due within 1 to 3 years		Total principal outstanding
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Maanaveeya Development and Finance Private Limited	TL-1	12	14,28,55,000	0	-	14,28,55,000
Maanaveeya Development and Finance Private Limited	TL-2 (Tr-1)	12	6,66,72,000	15	8,33,28,000	15,00,00,000
Maanaveeya Development and Finance Private Limited	TL-2 (Tr-2)	9	3,33,36,000	18	6,66,64,000	10,00,00,000
MAS Financial Services Limited	TL-01 (Tr A&B)	12	4,99,99,992	7	2,91,66,678	7,91,66,678
MAS Financial Services Limited	TL-03 (Tr A&B)	12	4,99,99,992	11	4,58,33,342	9,58,33,334
MAS Financial Services Limited	TL-04 (Tr A&B)	11	4,58,33,326	13	5,41,66,674	10,00,00,000
NorthernArc Capital Limited	TL-1	9	7,63,55,118	0	-	7,63,55,118
Moneywise Financial Services Private Limited (SMC)	TL-1	12	3,99,99,998	0	-	3,99,99,998
Vivriti Capital Limited	TL-1	11	9,16,66,666	0	-	9,16,66,666
Incred Financial Services Limited	TL-1	11	4,58,33,428	1	44,66,575	5,00,00,000
TOTAL			64,22,51,517		28,36,25,269	92,88,76,786

(b). Terms of repayment of borrowings as on March 31, 2023

(Amount in Rupees unless otherwise stated)

Name of the Lender	Tranche	Due within 1 year		Due within 1 to 3 years		Total principal outstanding
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Maanaveeya Development and Finance Private Limited	TL-1	9	10,71,45,000	12	14,28,55,000	25,00,00,000
TOTAL			10,71,45,000		14,28,55,000	25,00,00,000



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

7. Provisions	Long-term		Short-term	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Contingent provision against standard assets (refer note 31)	-	-	4,373,914	-
Provision for substandard and doubtful assets (refer note 31)	24,364	201,815	22,665,049	13,908,453
Provision for standard cases under resolution plan (refer note 31)	-	-	15,830,936	19,075,884
Provision for service tax cases (refer note 34)	-	-	7,403,508	7,403,508
Total	24,364	201,815	50,273,407	40,387,845

8. Other liabilities	Long-term		Short-term	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Employee benefit payable	-	-	5,640,633	14,915,091
Insurance claims payable to members	-	-	66,960	12,961,442
Expenses and other payable*	-	-	13,927,210	34,306,947
Amount payable for direct assignment-PTC	-	-	120,172,159	653,879,532
Interest accrued but not due on borrowings	-	-	3,076,931	178,767
Statutory dues payable	-	-	18,983,350	8,698,235
Total	-	-	159,867,243	724,940,014

* Includes an amount aggregating to Rs. 17,25,780 (March 31, 2023: Rs. 17,25,780) pertaining to the member training/profile income from January, 2012 to July, 2014 and pending refund to loan members as per RBI supervisory concerns.



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

9. Property, Plant and Equipment	Land	Vehicles	Furniture and fixtures	Leasehold improvements	Computers	Office equipments	Total
Cost							
At April 1, 2022	507,800	12,406,322	56,988,927	25,369,624	89,446,837	24,905,566	209,625,076
Additions	-	754,166	359,956	-	6,225,285	762,689	8,102,096
Disposals	-	-	(937,094)	-	(4,079,784)	(674,481)	(5,691,359)
At March 31, 2023	507,800	13,160,488	56,411,789	25,369,624	91,592,338	24,993,774	212,035,813
Additions	-	-	2,831,650	-	8,917,687	3,536,486	15,305,823
Disposals	-	-	(646,387)	-	(3,335,197)	(237,694)	(4,219,278)
At March 31, 2024	507,800	13,160,488	58,597,052	25,369,624	97,174,828	28,312,566	223,122,358
Depreciation							
At April 1, 2022	-	5,751,901	45,735,241	25,369,624	73,080,336	22,046,883	171,983,985
Charge for the year	-	1,353,498	2,666,081	-	6,381,788	1,073,786	11,475,153
Disposals	-	-	(931,817)	-	(3,984,078)	(648,433)	(5,564,328)
At March 31, 2023	-	7,105,399	47,469,505	25,369,624	75,478,046	22,470,236	177,892,810
Charge for the year	-	1,361,279	2,639,561	-	7,866,862	708,154	12,575,856
Disposals	-	-	(645,032)	-	(2,452,096)	(228,575)	(3,325,703)
At March 31, 2024	-	8,466,678	49,464,034	25,369,624	80,892,812	22,949,815	187,142,963
Net Block							
At March 31, 2023	507,800	6,055,089	8,942,284	-	16,114,292	2,523,538	34,143,003
At March 31, 2024	507,800	4,693,810	9,133,019	-	16,282,016	4,362,751	35,979,395

All assets have been recognized at cost

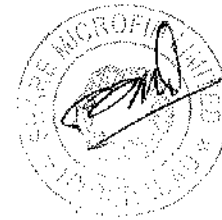
10. Intangible assets	Computer software	Total
Gross block		
At April 1, 2022	9,638,320	9,638,320
Purchase	-	-
Disposals	-	-
At March 31, 2023	9,638,320	9,638,320
Purchase	-	-
Disposals	-	-
At March 31, 2024	9,638,320	9,638,320
Amortization		
At April 1, 2022	9,638,320	9,638,320
Charge for the year	-	-
Disposals	-	-
At March 31, 2023	9,638,320	9,638,320
Charge for the year	-	-
Disposals	-	-
At March 31, 2024	9,638,320	9,638,320
Net block		
At March 31, 2023	-	-
At March 31, 2024	-	-



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

11. Non-current investments	31-Mar-24	31-Mar-23
Non-trade investments (valued at cost)		
Investment in equity instruments (unquoted)		
4,00,000 (March 31, 2023 : 4,00,000) Equity shares of Rs.10 each fully paid-up in Alpha Micro Finance Consultants Pvt. Ltd	40,00,000	40,00,000
Total	40,00,000	40,00,000
Aggregate amount of unquoted investments	40,00,000	40,00,000



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

12. Loans and advances	31-Mar-24		31-Mar-23	
Total Assets Under Management	5,500,065,516		6,284,496,371	
Less: Portfolio - business correspondence operations	2,689,354,864		1,195,897,453	
Less: Portfolio - assigned/PTC	874,928,260		2,971,453,356	
Net Portfolio	1,935,782,392		2,117,145,562	
Portfolio - non current	362,546,515		260,753,420	
Portfolio - current	1,573,235,877		1,856,392,142	
	Non-current		Current	
A. Portfolio Loans	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Micro finance loans under Joint Liability Group				
Unsecured, considered good*	362,522,151	260,551,605	1,528,439,903	1,772,088,818
Personal Loans (Unsecured, considered good)	-	-	16,913,954	66,495,634
Unsecured, considered doubtful**	24,364	201,815	27,882,120	17,807,690
Total (A)	362,546,515	260,753,420	1,573,235,877	1,856,392,142
* Represents standard assets in accordance with classification of assets as per RBI Master directions for NBFC-MFIs (refer note 31)				
** Represents sub-standard assets in accordance with classification of assets as per RBI Master directions for NBFC-MFIs (refer note 31)				
B. Advances recoverable in cash or kind				
Unsecured, considered good	157,411,337	103,908,929	108,363,284	105,759,807
Unsecured, considered doubtful	29,070	20,470	-	-
	157,440,407	103,929,399	108,363,284	105,759,807
Provision for doubtful advances	(29,070)	(20,470)	-	-
Total (B)	157,411,337	103,908,929	108,363,284	105,759,807
C. Other loans and advances				
Employee Loans (Secured, considered doubtful)	1,880,100	1,880,100	-	-
Employee Loans (Unsecured, considered good)	11,631,131	8,943,893	2,530,457	1,286,944
Employee Loans (Unsecured, considered doubtful)	7,352,675	8,261,805	-	-
Advance against loan members' death claims (Unsecured, considered good)	-	-	2,191,280	3,456,241
Advance against loan members' death claims (Unsecured, considered doubtful)	21,962,207	21,934,844	-	-
Advance income tax	230,106,544	180,535,321	-	-
	272,932,657	221,555,963	4,921,737	4,743,185
Provision for doubtful loans and advances	(31,494,981)	(32,076,748)	-	-
Total (C)	241,737,676	189,479,215	4,921,737	4,743,185
Total (A+B+C)	761,695,528	554,141,564	1,686,520,898	1,966,895,134



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

	Non Current		Current	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
13. Other assets				
Interest accrued but not due on portfolio loans	-	-	10,069,368	3,966,944
Interest accrued and due on portfolio loans	-	-	150,651,889	98,500,189
Interest accrued but not due on deposits placed with banks	2,473,792	-	3,282,756	875,553
Gratuity Fund (Net of liability) (refer note 27)	(566,333)	767,829	-	-
Security deposits (Unsecured, considered good)	20,490,401	18,889,181	21,559,193	9,160,843
Other Receivables	-	-	185,528,201	9,832,989
Total	22,397,860	19,657,010	371,091,407	122,336,438

	Non Current		Current	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
14. Cash and cash equivalents				
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	97,383,857	266,778,954
Deposits with original maturity of less than three months	-	-	1,725,780	-
Cash on hand	-	-	27,574	40,690
Total (A)	-	-	99,137,211	266,819,644
Other bank balances				
Margin money deposit	-	-	214,017,052	85,012,452
Total (B)	-	-	214,017,052	85,012,452
Total (A+B)	-	-	313,154,263	351,832,096



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

15. Revenue from operations	31-Mar-24	31-Mar-23
Interest income		
Interest income on portfolio loans	41,78,94,553	1,24,06,36,810
Other operating revenue		
Loan processing and other fees	14,41,90,043	14,33,38,290
Income from BC Operations	21,14,51,483	1,74,39,313
Gain on Direct Assignment/PTC	1,94,22,665	18,82,28,538
Total	79,29,58,744	1,58,96,42,951

16. Other income	31-Mar-24	31-Mar-23
Interest on fixed deposits	1,25,74,562	9,86,672
Interest on employee loans	23,81,950	19,93,729
Interest on Income tax refund	2,80,07,826	-
Gain on maturity of current investment (Non trade)	38,82,077	17,25,117
Excess provision written back	2,77,41,481	3,49,17,840
Profit on sale of fixed assets	3,85,164	3,73,546
Recovery against loans written off	1,04,76,943	1,26,57,460
Miscellaneous income	92,51,372	4,98,046
Total	9,47,01,375	5,31,52,410

17. Employee benefit expenses	31-Mar-24	31-Mar-23
Salaries and bonus / incentives	47,76,83,310	67,09,38,812
Contribution to Provident and other Funds (refer note 27)	2,40,81,768	2,51,94,442
Gratuity expenses (refer note 27)	77,22,189	64,54,500
Staff welfare expenses	52,07,179	48,36,933
Total	51,46,94,346	70,74,24,687

18. Finance costs	31-Mar-24	31-Mar-23
Interest		
On term loans from banks		43,02,77,604
On term loans from financial institutions		6,10,68,181
On term loans from non banking financial companies	5,65,13,382	57,34,791
Other borrowing costs	2,03,51,705	7,46,75,257
Total	7,68,65,087	57,17,55,833



Notes to financial statements for the year ended March 31, 2024

(Amount in Rupees unless otherwise stated)

19. Other expenses	31-Mar-24	31-Mar-23
Rent (refer note 29)	88,656,251	90,363,628
Rates and taxes	2,200,725	4,238,210
Insurance	484,839	928,265
Repairs and maintenance	4,052,077	5,438,944
Software and computer maintenance charges	28,752,034	39,991,854
General Office Maintenance	24,941,411	29,604,820
Electricity charges	9,182,638	8,496,081
Travelling and conveyance	38,384,222	104,042,444
Communication expenses	1,668,507	2,542,572
Printing and stationery	4,271,361	8,675,372
Professional and consultancy charges	19,857,324	29,069,998
Directors' sitting fees	327,000	163,500
Auditors' remuneration (refer note below)	5,778,895	4,339,746
Provision for service tax/ GST	1,850,456	-
Provision for other doubtful assets	164,429	259,417
Other Provisions and write offs	642,267	12,355
Members workshops and training program expenses	54,921	-
Bank charges	14,986,138	9,089,557
Corporate social responsibility expenses	547,520	1,934,000
Miscellaneous expenses	5,691,664	7,271,603
Total	252,494,739	346,462,366

Auditors' remuneration	31-Mar-24	31-Mar-23
As auditor:		
Audit fees	4,000,000	3,300,000
In other capacity:		
Certification fees	1,588,290	763,000
Reimbursement of expenses	190,615	276,746
Total	5,778,895	4,339,746

20. Provisions and write-offs	31-Mar-24	31-Mar-23
Contingent provision against standard assets (refer note 31) - (A)	1,128,966	(36,369,099)
Provision for non-performing assets	8,579,145	(327,617,311)
Portfolio loans and other balances written off*		326,604,837
Net provision charge - (B)	6,579,145	(1,013,274)
Total (A) + (B)	9,708,111	(37,382,373)

*The company has written off an amount of Rs.31 cr receivable from demerged entity during FY23, which was fully provided for, as the entity has initiated insolvency resolution process u/s 10 of IBC



21. Qualifying Asset under RBI Master Directions

During March, 2023, the Company has transferred substantial portion of its loan portfolio amounting to Rs. 355 crores to IndusInd Bank under direct assignment for repayment of outstanding dues to erstwhile lenders. Further, during March, 2024, for raising the alternate sources of funds, the company has done two direct assignment transactions worth Rs.40.51 crores and two securitization transactions worth Rs.41.57 crores. Due to this, the loan portfolio got reduced and further there is increase in cash & bank balances by way FLDG to Business Correspondence partners. The qualifying asset as at March 31, 2024 is 65.62%. The company is not able to meet the qualifying assets norm of 75% of total assets stipulated by the RBI. This observation was raised by the RBI in its inspection report and the Company has responded to the RBI. Further communication from the RBI is awaited.

However, this shortfall is temporary in nature and once the company is able to access fresh funding from lenders, this will be complied

22. Related parties

a) Names of the related parties with whom transactions have been entered

Key Management Personnel (KMP)	Dr. M.Udaia Kumar, Managing Director
Relatives of KMP	Ms. Sucharita

*Parties with whom transactions have been entered into during the current or previous year.

b) Related party transactions with KMP and relatives of KMP

Transactions during the year	KMP		Relatives of KMP/ KMP	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Remuneration paid	2,06,24,500	1,69,66,992	1,36,52,000	1,27,60,640

There are no outstanding balances of KMP or relatives of KMP as at March 31, 2024 and March 31, 2023.

KMP are entitled to post-employment benefits and other long term employee benefits recognized as per Accounting Standard 15 – ‘Employee Benefits’ in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

It may be noted that MD had voluntarily drawn lesser salary by 20% till FY 2022-23. This voluntary reduction by MD was in consideration to the financial condition of the Company.

Further, there are no business transactions with related parties as listed in point # 2 of Annex-VII of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023

23. a) Securitization of Loans

During the year the Company has done 2 securitization transactions with MAS Financials. The information on these transactions of the Company as an originator are shown below:

Particulars	For the year ended 31-Mar-24	For the year ended 31-Mar-23
Total Book value of the loan asset securitized (Net loan pool after collateralization)	41,57,60,807	-
Sale consideration received for the loan asset assigned / securitized	41,57,60,807	-
Income from asset securitization recognized in the Profit & Loss Account	1,39,89,199	-

	As on 31-Mar-24	As on 31-Mar-23
Portfolio loans outstanding	32,67,22,428	-

Under the agreement for the assignment of loans the Company has transferred all the rights and obligations relating to the loan asset assigned as shown above to the Investor/Lender.



b) Assignment transactions:

During the year the Company has done 2 Direct assignment transactions with Annapurna Finance. The information on these transactions of the Company as an originator are shown below:

Particulars	For the year ended 31-Mar-24	For the year ended 31-Mar-23
Total Book value of the loan asset assigned (Net loan pool after collateralization)	40,51,98,545	3,67,36,83,627
Sale consideration received for the loan asset assigned	40,51,98,545	3,67,36,83,627
Income from asset assignment recognized in the Profit & Loss Account	48,33,465	18,81,78,538
	As on 31-Mar-24	As on 31-Mar-23
Portfolio loans outstanding	54,82,05,832	2,97,14,53,356

Under the agreement for the assignment of loans the Company has transferred all the rights and obligations relating to the loan asset assigned as shown above to the Investor/Lender.

24. Business Correspondent (BC) Arrangement with ESAF Small Finance Bank, SIDBI & ICICI Bank:
ESAF SFB:

During the Financial Year 2022-23, the Company has entered a Business Correspondent arrangement with ESAF Small Finance Bank. As part of the Agreement, the Company has been providing BC services on behalf of ESAF Small Finance Bank in 45 branches in the states of Gujarat, Haryana & Uttarakhand.

As on March 31' 2024, the Company has disbursed an amount of Rs.231.55 crores through 45 branches for about 46,419 Clients. Outstanding portfolio as on March 31' 2024 is Rs.149 crores.

The company has provided FLDG (First Loss Default Guarantee) in the form of cash collateral. In the event of non-recovery/partial recovery of the portfolio within 85 days from the date of default, ESAF Small Finance Bank shall have the right to invoke the FLDG.

SIDBI:

During the year, the Company has entered a Business Correspondent arrangement with Small Industries development Bank of India (SIDBI). As part of the Agreement, the Company has been providing BC services on behalf of SIDBI in 176 branches covering 9 states.

As on March 31' 2024, the Company has disbursed an amount of Rs.143.90 crores for about 25,975 Clients. Outstanding portfolio as on March 31' 2024 is Rs.99.58 crores.

The company has provided FLDG (First Loss Default Guarantee) in the form of cash collateral. In the event of non-recovery/partial recovery of the portfolio within 60 days from the date of default, SIDBI shall have the right to invoke the FLDG.

ICICI Bank:

During the year, the Company has entered a Business Correspondent arrangement with ICICI Bank. As part of the Agreement, the Company has been providing BC services on behalf of ICICI in 45 branches in the state of Madhya Pradesh.

As on March 31' 2024, the Company has disbursed an amount of Rs.27.61 crores for about 6,450 Clients. Outstanding portfolio as on March 31' 2024 is Rs.20.36 crores.

25. Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account not provided for: Rs.Nil (Previous year: Nil)



26. Contingent liabilities not provided for

Particulars	March 31, 2024	March 31, 2023
Income tax matter – Demand raised per Order under section 143(3) for AY 2017-18, against which appeal is filed by the Company	22,93,80,493	18,17,24,211
Service tax matter – Demand raised per Order under section 75,76,77(1) (a),77 (2) for Financial year 2009 to 2014, against which appeal is filed by the Company	3,74,64,379	3,45,83,667
GST Matter - Demand raised per Orders under section 73 and 74 of the central goods and service tax act, 2017, against which appeals are filed by the company	2,19,86,624	NIL

The Company has certain litigations pending with income tax authorities and service tax authorities which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where ever applicable, in its financial statements.

27. Employee benefit plans
Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs.2,40,81,768 (Year ended March 31, 2023, Rs.2,51,94,442) for Provident Fund contributions and Rs.1,55,962 (Year ended March 31, 2023, Rs.1,52,954) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (based on last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the Balance Sheet for the respective plan.

Statement of Profit and loss

Net employees benefit expense:

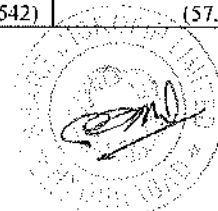
Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current service cost	39,92,597	38,40,766
Interest cost on benefit obligation	27,59,246	24,75,371
Past Service Cost	-	-
Expected return on plan assets	(30,57,186)	(28,21,866)
Net actuarial (gain) / loss recognized in the year	40,27,532	29,60,229
Net employee benefit expense	77,22,189	64,54,500

Balance Sheet

Particulars	Gratuity	
	March 31, 2024	March 31, 2023
Defined benefit obligation	4,43,34,872	3,98,10,369
Fair value of plan assets	(4,37,68,539)	(4,05,78,468)
Plan liability/ (Asset)	5,66,333	(7,68,099)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Gratuity	
	March 31, 2024	March 31, 2023
Opening defined benefit obligation	3,98,10,369	3,64,36,495
Prior service cost - vested benefit	-	-
Interest cost	27,59,246	24,75,371
Current service cost	39,92,597	38,40,766
Benefits paid	(62,36,542)	(57,89,770)



Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
Actuarial (gains) / losses on obligation	40,09,202	28,47,507
Closing defined benefit obligation	4,43,34,872	3,98,10,369

Changes in the fair value of plan assets are as follows:

Particulars	Gratuity	
	March 31, 2024	March 31, 2023
Opening fair value of plan assets	4,05,78,468	3,86,04,002
Adjustment to opening balance / expenses	-	-
Expected return	30,57,186	28,21,866
Contributions by employer	63,87,757	50,55,093
Benefits paid	(62,36,542)	(57,89,770)
Net transfer in/(out) (including the effect of any business combinations/divestitures)	-	-
Actuarial gains / (losses)	(18,330)	(1,12,723)
Closing fair value of plan assets	4,37,68,539	4,05,78,468

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2024	March 31, 2023
Investment with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

Particulars	Gratuity	
	March 31, 2024	March 31, 2023
Discount rate	7.23%	7.52%
Increment Rate	2.00%	2.00%
Attrition rate	15.00%	15.00%

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc.

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

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments:

Gratuity	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligation	4,43,34,872	3,98,10,369	3,64,36,496	2,98,27,965	2,45,03,288
Plan assets	(4,37,68,539)	(4,05,78,468)	(3,86,04,002)	(3,76,60,220)	(3,22,20,594)
(Surplus) / deficit	5,66,333	(7,68,099)	(21,67,506)	(78,32,255)	(77,17,306)
Experience adjustments on plan liabilities	34,73,377	30,84,878	1,02,66,588	56,90,305	53,70,207
Experience adjustments on plan assets	(18,330)	(1,12,723)	44,110	3,35,695	2,50,101

28. Expenditure in foreign currency on accrual basis for the year ended March 31, 2024 and March 31, 2023 is Nil.

29. Leases

Operating Lease:

The head office and branch office premises are obtained on an operating lease. The branch office premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company. The head office premises have been obtained on a non-cancelable lease term ranging from 36 months to 48 months with an escalation clause at the end of each year. There are no restrictions imposed by lease arrangements and there are no sub-leases. Lease payments during the year are charged to the statement of profit and loss.



Description	March 31, 2024	March 31, 2023
Operating lease expenses recognized in the statement of profit and loss on a straight line basis	8,86,56,251	9,03,63,628
Minimum lease obligations		
Not later than one year	-	1,20,90,498
Later than one year but not later than five years	-	2,55,44,586
Later than five years	-	-

30. Earnings Per Share

Particulars	March 31, 2024	March 31, 2023
Net profit/ (loss) after tax as per Statement of Profit and Loss	2,13,21,980	4,30,61,695
Less: Dividend on OCCRPS and tax thereon	-	2,181
Net profit/ (loss) for calculation of basic earnings per share	2,13,21,980	4,30,59,514
Add: Dividend on OCCRPS and tax thereon	-	2,181
Net profit/ (loss) for calculation of diluted earnings per share	2,13,21,980	4,30,61,695
Weighted average number of equity shares in calculating basic earnings	8,71,02,541	8,68,64,556
Effect of dilution		
Conversion of OCCRPS	-	-
Weighted average number of equity shares in calculating diluted earnings per share	8,71,02,541	8,68,64,556
Basic earnings per share	0.24	0.50
Diluted earnings per share	0.24	0.50
(Nominal value of Rs.10 each (Previous year Rs.10 each))		

31. Loan Portfolio Classification and provision for standard and non-performing assets:

Loan Portfolio Classification and Provisions as on March 31, 2024:

Classification	Loan outstanding as at March 31, 2024	Provision for Non Performing Assets		
		As At March 31, 2023	Addition / (Reversal) During the Year	As At March 31, 2024
Standard assets	1,907,875,908	19,075,884	1,128,966	20,204,850
Non-performing assets	27,906,484	14,110,268	8,579,145	22,689,413
Total	1,935,782,392	33,186,152	9,708,111	42,894,263

Loan Portfolio Classification and Provisions as on March 31, 2023:

Classification	Loan outstanding as at March 31, 2023	Provision for Non Performing Assets		
		As At March 31, 2022	Addition / (Reversal) During the Year	As At March 31, 2023
Standard assets	209,91,36,057	5,54,44,983	(3,63,69,099)	1,90,75,884
Non-performing assets	1,80,09,505	3,17,27,579	(1,76,17,311)	1,41,10,268
Total	211,71,45,562	8,71,72,562	(5,39,86,410)	3,31,86,152

The above provision includes provision of Rs.1,58,30,935 on standard deferred assets under resolution plan.

32. Information on Resolution Framework (deferred Loans):

During the previous year, RBI issued a circular RBI/2021-22/3 IDOR.STR.REC.11/21.04.048/2021-22 May 5, 2021 on Resolution Framework 2.0 in continuation to the earlier circular DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020 ('Resolution Framework for COVID-19-related Stress') with the intent to facilitate revival of business activities and mitigate the impact on the ultimate borrowers having stress on account of COVID-19. The benefit under Resolution Framework 2.0 was also extended to the clients who have earlier availed the benefit under erstwhile Resolution Framework 1.0 for the residual tenor of the moratorium. Please refer note 2C for further details.



The current outstanding status is given below:

Particulars	No of Loans at the time implementation	Exposure to these accounts as on the date of implementation	No of Loans outstanding as at March 31, 2024	Amount outstanding as on March 31, 2024	Provision as on March 31, 2024
Resolution Framework-1	3,08,024	5,17,00,25,255	9,670	14,61,58,530	1,46,15,853
Resolution Framework-2	72,651	1,66,64,29,748	847	1,21,50,817	12,15,082
Total	3,80,675	6,83,64,55,003	10,517	15,83,09,347	1,58,30,935

The outstanding status as on March 31, 2023 is given below:

Particulars	No of Loans at the time implementation	Exposure to these accounts as on the date of implementation	No of Loans outstanding as at March 31, 2023	Amount outstanding as on March 31, 2023	Provision as on March 31, 2023
Resolution Framework-1	3,08,024	5,17,00,25,255	12,405	17,02,79,833	1,70,27,984
Resolution Framework-2	72,651	1,66,64,29,748	2,870	2,04,78,999	20,47,900
Total	3,80,675	6,83,64,55,003	15,275	19,07,58,832	1,90,75,884

33. The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, by obtaining confirmations from all suppliers. Based on current information/confirmations available with the Company, there are no dues to the suppliers who are registered under the relevant Act as at March 31, 2024 and March 31, 2023.

34. Details of provisions

The Company has made provision for disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Provision for Service Tax Cases	As at March 31, 2023	Additions	Written back as liability no longer required	As at March 31, 2024
FY 2023-24	74,03,508	-	-	74,03,508
FY 2022-23	3,91,08,100	-	3,17,04,592	74,03,508

Note: Figures in brackets relate to the previous year.

35. Segment information

The Company operates in a single business segment i.e. financing, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

36. Additional disclosures required by the RBI

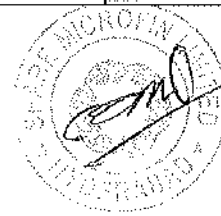
a. Capital to Risk Assets Ratio ('CRAR'):

Particulars	March 31, 2024	March 31, 2023
i) CRAR (%)	69.40%	78.23%
ii) CRAR – Tier I Capital (%)	69.25%	78.23%
iii) CRAR – Tier II Capital (%)	0.15%	0.00%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

b. Investments:

(Rupees in crores)

Particulars	March 31, 2024	March 31, 2023
(1) Value of Investments	0.40	0.40
(i) Gross Value of Investments		
(a) in India	0.40	0.40
(a) outside India,	-	-
(ii) Provisions for Depreciation		
(a) in India	-	-
(a) outside India,	-	-
(iii) Net Value of Investments		
(a) in India	0.40	0.40



	(a) outside India.	-	-
(2)	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

c. Derivatives:

The Company has not entered into any forward rate agreements, interest rate swaps, and exchange traded interest rate derivatives. Hence, no disclosure has been made for the same.

The Company has no unhedged foreign currency exposure as on March 31, 2024 (March 31, 2023: Nil).

d. Disclosures relating to Securitisation:

The Company has entered into two securitisation transactions during the current. Please refer Note # 23 for details.

e. Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction:

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

f. Details of assignment transactions undertaken:

Please refer Note # 23 for details.

g. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

h. Asset Liability Management

Maturity pattern of certain Assets and Liabilities as on March 31, 2024:

(Rupees in crores)

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 months upto 2 months	Over 2 months upto 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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances *	6.90	6.90	13.80	12.57	11.07	37.81	77.32	75.97	0.20	0.00	242.55
Investments	-	-	-	-	-	-	-	-	-	0.40	0.40
Borrowings #	2.06	0.00	2.50	5.37	5.38	17.35	31.57	28.36	0.00	0.00	92.59
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

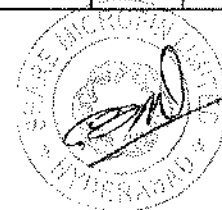
*Advances includes Portfolio Loans (Net of NPA provisions) and Other loans and advances (Net of Provisions) i.e. Security deposits, Advances recoverable in cash or kind and Other loans and advances.

Borrowings includes Term Loan from Banks, NBFCs and Financial Institutions.

Maturity pattern of certain Assets and Liabilities as on March 31, 2023:

(Rupees in crores)

Particulars	1 to 7 days	8 to 14 days	15 to 30/31 days	Over 1 months upto 2 months	Over 2 months upto 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
Deposits	-	-	-	-	-	-	-	-	-	-	-
Advances *	8.61	8.61	17.21	18.50	15.43	60.53	66.42	55.16	0.24	-	250.69
Investments	-	-	-	-	-	-	-	-	-	0.40	0.40
Borrowings #	-	-	-	-	-	3.57	7.14	14.29	-	-	25.00
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-



*Advances includes Portfolio Loans (Net of NPA provisions) and Other loans and advances (Net of Provisions) i.e. Security deposits, Advances recoverable in cash or kind and Other loans and advances.

Borrowings includes Term Loan from Banks, NBFCs and Financial Institutions.

i. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

j. Details of financing of parent Company products:

The Company does not finance any products of its parent/holding Company.

k. Unsecured Advances– Refer note 12.

l. Registration obtained from other financial sector regulators:

The Company is registered with following other financial sector regulators (*Financial regulators as described by Ministry of Finance*):

Ministry of Corporate Affairs

m. Disclosure of penalties imposed by RBI and other regulators: None

n. Ratings assigned by credit rating agencies and migration of ratings during the year: SMERA has allotted comprehensive grading of "M3C2" which indicates that the company has capacity to manage its operations in a sustainable manner and good performance on Code of Conduct dimensions. Further, the Company is in the process of obtaining the rating for term loan funding.

o. Provisions and Contingencies (shown under the head expenditure in Statement of Profit and Loss)

Particulars	March 31, 2024	March 31, 2023
Provision towards Income tax	-	-
Provision made towards GST	18,50,456	-
Contingent provision against standard assets	1,128,966	(3,63,69,099)
Provision towards NPA	85,79,145	(10,13,274)
Provision for leave benefits (Net)	3,43,084	3,25,092
Provision for other doubtful assets	1,64,429	2,59,417

p. Draw down from Reserves:

There is no draw down from reserves other than those disclosed in note 5.

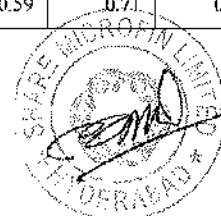
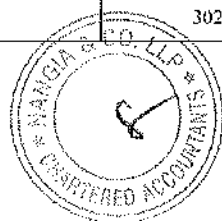
q. Concentration of Advances, Exposures and NPAs:

(Rupees in crores, unless stated otherwise)

Particulars	March 31, 2024	March 31, 2023
Concentration of Advances		
Total advances to twenty largest borrowers	0.12	0.12
(%) of advances to twenty largest borrowers to total advances	0.07%	0.06%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	0.12	0.12
(%) of exposure to twenty largest borrowers/customers to total exposure	0.07%	0.06%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.02	0.02

r. Sectoral Exposure

Sectors	Current Year			Previous Year		
	Total Exposure (Includes on balance sheet and off-balance sheet exposure) (crore)	Gross NPAs (crore)	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (Includes on balance sheet and off-balance sheet exposure) (crore)	Gross NPAs (crore)	Percentage of Gross NPAs to total exposure in that sector
I. Agriculture and Allied Activities						
i. Agriculture & Allied (Trading)	7.44	0.12	1.61%	9.51	0.05	0.53%
ii. Agriculture & Allied (Processing)	302.98	2.93	0.97%	340.59	0.71	0.21%



iii. Others						
Total of Agriculture & Allied (i+ii+iii)	310.42	3.05	0.98%	350.1	0.76	0.22%
2. Industry						
i. MSE ~ Trading Non Agri	96.47	0.67	0.69%	118.04	0.40	0.34%
ii. Others						
Total of Industry (i+ii)	96.47	0.67	0.69%	118.04	0.4	0.34%
3. Services						
i. Service- Non Agri (MSE)	84.85	0.59	0.70%	83.55	0.33	0.39%
ii. Others	58.27	0.68	1.17%	76.76	0.31	0.40%
Total of Services (i+ii)	143.12	1.27	0.89%	160.31	0.64	0.40%

The Company has compiled the data for the purpose of this disclosure (from its internal MIS system and has been furnished by the management) which has been relied upon by the auditors.

s. Movement of NPAs

Particulars		March 31, 2024	March 31, 2023
(i)	Net NPAs to Net Advances (%)	0.29%	0.19%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	1,80,09,505	3,29,96,685
	(b) Additions during the year	1,26,19,068	94,86,381
	(c) Reductions during the year (incl. loans written off)	27,22,089	2,44,73,561
	(d) Closing balance	2,79,06,484	1,80,09,505
(iii)	Movement of Net NPAs		
	(a) Opening balance	38,99,237	12,69,106
	(b) Additions during the year	40,39,923	1,04,99,655
	(c) Reductions during the year	27,22,089	78,69,524
	(d) Closing balance	52,17,071	38,99,237
(iv)	Movement of provisions for NPAs		
	(a) Opening balance	1,41,10,268	3,17,27,579
	(b) Provisions made during the year	85,79,145	(10,13,274)
	(c) Write-off (utilisation of earlier provision)	-	(1,66,04,037)
	(d) Write-back of excess provisions	-	-
	(e) Closing balance	2,26,89,413	1,41,10,268

t. Disclosure of Customer Complaints

Particulars		No. of complaints
(i)	No. of complaints pending at the beginning of the year	0
(ii)	No. of complaints received during the year	51
(iii)	No. of complaints redressed during the year	51
(iv)	No. of complaints pending at the end of the year	0

The Company has a Customer Grievance Redressal Mechanism for convenience of customers to register their complaints and for the Company to monitor and redress them.

u. Information on instances of fraud / robbery

Instances of fraud for the year ended March 31, 2024:

Nature of fraud	No. of cases	Amount of fraud / robbery	Recovery	Amount written-off	Amount recoverable
Cash embezzlement	14	36,75,247	29,54,272	6,42,267	78,708

Instances of fraud for the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud / robbery	Recovery	Amount written-off	Amount recoverable
Cash embezzlement	11	44,392	32,037	12,355	-



v. Information on Net Interest Margin:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Average interest (a)	24.03%	22.70%
Average effective cost of borrowing / funds (b)	13.16%	21.15%
Net interest margin (a-b)	10.87%	1.55%*

*Pursuant to the new guidelines for microfinance loans by Reserve Bank of India dated March 14, 2022, the requirement of margin cap is done away from FY 2022-23

w. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2023: Nil)

x. Guidelines on Liquidity Risk Management Framework:

Disclosures in terms of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 have been given below:

(i) Funding Concentration based on significant counterparty on borrowings

Number of Significant Counterparties	Amount	% of Total deposits	% of Total Liabilities
6	92.58,76,786	NA	81.50

Notes:

a) 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.

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

(ii) Top 20 large deposits (amount in Rs.crore and % of total deposits) – Not applicable

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

Amount	% of total borrowing*
92.59	100%

* Accrued interest on borrowings not considered.

(iv) Funding Concentration based on significant instrument/product

Name of Instrument/product	Amount (Rupees in Crores)	% of Total Liabilities
Term Loans	92.59	81.50
Borrowings under securitization	41.58	-
Total Liabilities*	113.50	

*Total Liabilities excluding Equity share capital, Reserve & Surplus and Borrowings under securitisation.

(v) Stock Ratios:

Particulars	March 31, 2024
Commercial Papers to Total Public Funds	Nil
Commercial Papers to Total Liabilities	Nil
Commercial Papers to Total Assets	Nil
NCDs (Original Maturity <1 yrs.) to Total Public Funds	Nil
NCDs (Original Maturity <1 yrs.) to Total Liabilities	Nil
NCDs (original Maturity <1 yrs.) to Total Assets	Nil
Other Short Term Liabilities to Total Public Funds	81.25%
Other Short Term Liabilities to Total Liabilities	75.03%
Other Short Term Liabilities to Total Assets	26.68%



(vi) Institutional set-up for liquidity risk management

The company has an Asset Liability Management Committee (ALCO), a board committee supported by ALM Support group, a management level committee to handle liquidity risk management. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Committee (RC), a subcommittee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

- y. The Reserve Bank of India (RBI) vide its circular no. RBI / 2021-2022 / 125 DOR.STR.REC.68 / 21.04.048 / 2021-22, dated November 12, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning (TRACP) pertaining to Advances - Clarifications", had clarified / harmonized certain aspects of extant regulatory guidelines with a view to ensuring uniformity in the implementation of TRACP norms across all lending institutions. The above requirement is deferred via RBI Circular DOR.STR.REC.85 / 21.04.048 / 2021-22 dated February 15, 2022 till September 30, 2022. The Company has made necessary modifications in the software to comply the guidelines.
37. On 20 September, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April, 2019 subject to certain conditions. The Company has decided not to avail the benefit provided under the above Ordinance. The Company would evaluate its option in the future based on business developments. Deferred tax asset and MAT credit entitlement has not been recognized on the grounds of prudence.
38. In compliance with Section 135 of the Companies Act 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee (CSR Committee) in the year 2018 and the composition and function thereof are mentioned in the Corporate Governance Report.

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Amount required to be spent as per section 135 of the Act	5,95,701	17,27,128
Amount spent and paid during the year	-	-
(a) Construction, Acquisition of asset	-	-
(b) On purpose other than (a) above	5,47,520	19,34,000
Amount unspent and provided during the year	-	-
(a) Construction, Acquisition of asset	-	-
(b) On purpose other than (a) above	(10,60,822)	(11,09,003)

39. Ratios:

S. No.	Particulars	Numerator/Denominator	Ratio as on March 31, 2024	Ratio as on March 31, 2023	Comparison
a.	Current Ratio	Current Assets / Current Liabilities	278.13%	279.79%	-1.66%
b.	Debt-Equity Ratio	Debt / Shareholder's Equity*	44.97%	12.27%	32.70%
c.	Debt Service Coverage Ratio	PBITDA / Debt Installments including interest*	18.76%	235.56%	-216.81%
d.	Return on Equity Ratio	PAT / Avg. Shareholder's Equity	1.04%	2.12%	-1.08%
e.	Inventory turnover ratio	Not Applicable	NA	NA	NA
f.	Trade Receivables turnover ratio	Not Applicable	NA	NA	NA
g.	Trade payables turnover ratio	Not Applicable	NA	NA	NA
h.	Net capital turnover ratio	Turnover / Avg. Working Capital*	51.37%	114.88%	-63.51%
i.	Net profit ratio	PAT / Gross Income	2.40%	2.62%	-0.22%
j.	Return on Capital employed	PBIT / (Total Assets - Current Liabilities)	4.19%	28.20%	-24.00%
k.	Return on Investment	Net gain / Cost of Investment	0.19%	0.21%	-0.02%

* New term loan borrowings of Rs. 100 crore received during the year



40. Other Additional regulatory information
(a) Security of current asset borrowings

The Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on Clause (ii)(b) of the Order is not applicable to the Company.

(b) The Company does not possess any overseas assets
(c) Area of Operations

Particulars	Details
Area and Country of Operations	India
Joint venture partners with regard to joint ventures and overseas subsidiaries	NA

(d) Postponements of revenue recognition: Current year: Nil (Previous year: Nil)
(e) Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no material prior period items other than those disclosed in Financial Statements.

(f) Title deeds of Immovable Properties not held in name of the Company

The company does not have any immovable properties whose title deeds are not held in the name of the company

(g) Loans and Advances

There are no loans or advances in the nature of loans which are granted to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are:

- (i) repayable on demand, or
- (ii) without specifying any terms or period of repayment

(h) Details of Benami Property held

The Company does not have any benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

(i) Willful Defaulter

The Company is not declared as willful defaulter by any bank or financial Institution or other lender.

(j) Relationship with Struck off Companies

The Company does not have any transactions with companies struck off.

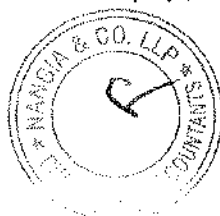
(k) Registration of charges or satisfaction of charges with Registrar of Companies (ROC)

The Company does not have any charges or satisfaction of charges which is yet to be registered with ROC beyond the statutory period.

(l) Utilisation of borrowed funds and share premium

a) During the year, the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries), or,



(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

b) During the year, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or,

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(m) Undisclosed Income

The Company has not undertaken any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(n) Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the current financial year and any of the previous financial years.

41. The Company does not have any long term contract having material foreseeable losses. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

42. The figures for the previous year have been regrouped/ rearranged wherever necessary to confirm to the current year presentation.

For Nangia & Co LLP
 Chartered Accountants
 FRN No. 002391C/N500069

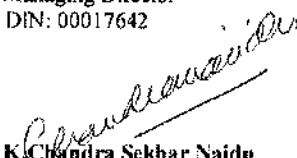


Jaspreet Singh Bedi
 Partner
 Membership No: 601788

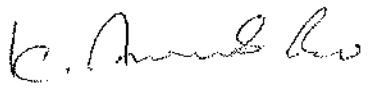
For and on behalf of the Board of Directors of
 Share Microfin Limited




M. Udaia Kumar
 Managing Director
 DIN: 00017642



K. Chandra Sekhar Naidu
 Company Secretary
 Membership No: A16684



K. Prahlada Rao
 Director
 DIN: 06734422



B.B. Sankara Rao
 Chief Financial Officer

Place: Mumbai
 Date: April 22, 2024



Place: Hyderabad
 Date: April 22, 2024

