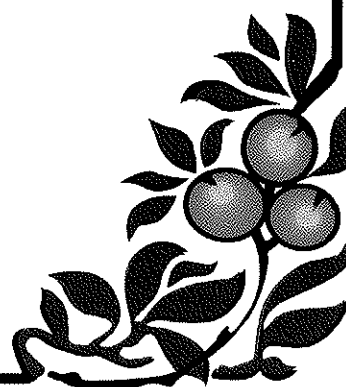


SHARE
MICROFIN LIMITED

AUDITED
FINANCIAL STATEMENTS
MARCH 2024



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.



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 "Annexure 2";
 - (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(l)(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(l)(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 | - |

| 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

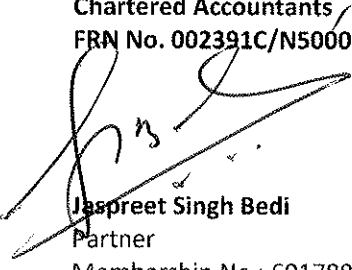
based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(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: 24601788BKFMPPE8519

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

Noida - New Delhi - Gurugram - Mumbai - Bengaluru - Chennai - Pune - Dehradun

"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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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.

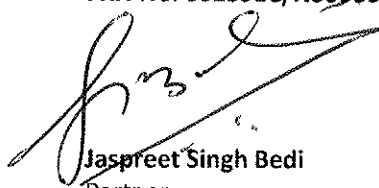
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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/N500069



Jaspreet Singh Bedi
Partner

Membership No.: 601788
UDIN: 24601788BKFMPE8519

Place: Mumbai
Date: 22 April 2024

Balance Sheet as at March 31, 2024

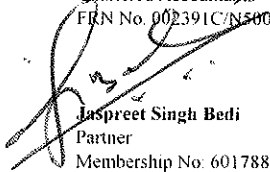
(Amount in Rupees unless otherwise stated)

| | 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 | 1,190,151,991 | 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 | | 3,194,839,351 | 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. 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


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. 002391C/N500069

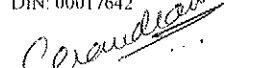

Jaspreet Singh Bedi
 Partner
 Membership No: 601788

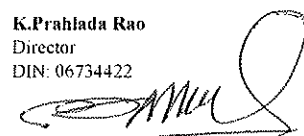
 Place: Mumbai
 Date: April 22, 2024

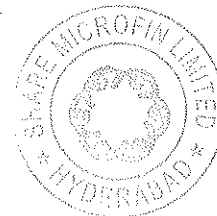
 For and on behalf of the Board of Directors of
 Share Microfin Limited


M. Udaia Kumar
 Managing Director
 DIN: 00017642


K. Prahlada Rao
 Director
 DIN: 06734422


K. Chandra Sekhar Naidu
 Company Secretary
 Membership No: A16684


B. B. Sankara Rao
 Chief Financial Officer

 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 |
| Gain on Direct Assignment | - | (188,228,538) |
| Discounting charges on Direct assignment | - | 71,132,757 |
| Excess provision written back | (27,741,481) | (31,704,592) |
| 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) | (49,838,933) | (908,992) |
| Net cash flow from / (used in) operating activities (A) | (1,525,368,965) | 462,651,418 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (15,305,823) | (8,102,096) |
| Proceeds from sale of fixed assets | 1,278,739 | 500,577 |
| Purchase of current investments | (2,036,000,000) | (830,000,000) |
| Proceeds from sale of current investments | 2,039,882,077 | 831,725,117 |
| Net cash flow from/ (used in) investing activities (B) | (10,145,007) | (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 | 3,673,683,627 |
| Long-term borrowings along with interest (net) | 675,876,786 | (3,477,329,018) |
| Net cash flow (used in) / from in financing activities (C) | 1,496,836,139 | (230,573,121) |
| Net increase/(decrease) in cash and cash equivalents (A + B + C) | (38,677,833) | 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/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. Udai Kumar Managing Director
 DIN: 00017642
 K. Pahlada Rao Director
 DIN: 06734422

 K. Chandra Seldhar Naidu
 Company Secretary
 Membership No. A16684

 B.B. Sankara 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/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.

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

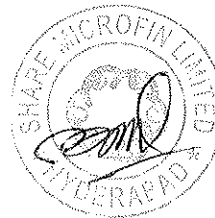
Investments, which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statements 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% |
| Jacinto Finvest 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:

1. Capital Reserve – Capital Reserve is created as a result of demerger.
2. 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.
3. 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.
4. General reserve – General Reserves are created from Profit and Loss Account.
5. 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.
6. 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)

| | Non-current portion | | Current maturities | |
|---------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| 6A. Long-term borrowings | 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 | 7,91,66,670 |
| 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 | 4,55,33,425 | 1 | 44,66,575 | 5,00,00,000 |
| TOTAL | | | 64,22,51,517 | | 28,36,25,269 | 92,58,76,786 |

(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)

| | Long-term | | Short-term | |
|--------------------------------------------------------------------|---------------|----------------|-------------------|-------------------|
| 7. Provisions | 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 |

| | Long-term | | Short-term | |
|--------------------------------------------|-----------|-----------|--------------------|--------------------|
| 8. Other liabilities | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Employee benefit payable | - | - | 3,640,633 | 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 | 3,556,486 | 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 | 1,071,786 | 11,473,153 |
| 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 | 9,133,018 | - | 16,282,016 | 5,362,751 | 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 |



| 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) | - | - | 16,913,854 | 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) | - | - | 2,391,280 | 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 | (31,194,981) | (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 |



| | 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 | 9,832,909 |
| 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 | 47,76,83,210 | 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 | 1,668,567 | 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 | 1,588,280 | 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* | - | 326,604,037 |
| Net provision charge - (B) | 8,579,145 | (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:

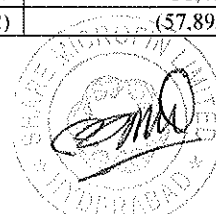
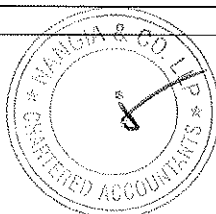
| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|----------------------------------------------------|--------------------------------------|--------------------------------------|
| Current service cost | 39,92,597 | 38,40,766 |
| Interest cost on benefit obligation | 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/2021-22/31DOR.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.



Notes to financial statements for the year ended March 31, 2024
(Amount in Rupees unless otherwise stated)

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 |



Notes to financial statements for the year ended March 31, 2024
(Amount in Rupees unless otherwise stated)

| | | | | |
|-----|-----------------------------------------------------------------|--------------------------------------------------------------------|---|---|
| | | (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 | - | - | - | - | - | - | - | - | - | - | - |



Notes to financial statements for the year ended March 31, 2024
(Amount in Rupees unless otherwise stated)

*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.

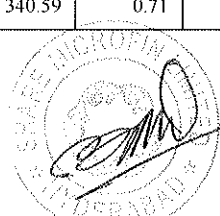
q. Concentration of Advances, Exposures and NPAs:

(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.

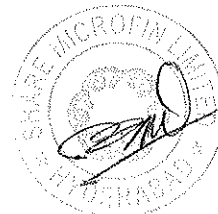
(iv) Funding Concentration based on significant instrument/product

| 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 IRACP 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 | 5,47,520 | 19,34,000 |
| (b) On purpose other than (a) above | - | - |
| Amount unspent and provided during the year | - | - |
| (a) Construction, Acquisition of asset | (10,60,822) | (11,09,003) |
| (b) On purpose other than (a) above | - | - |

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

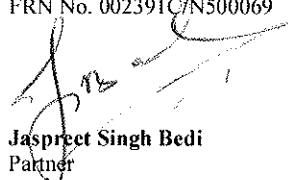
The Company has not undertaken any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 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.

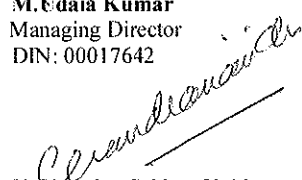
41. The Company does not have any long term contract having material foreseeable losses. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
42. The figures for the previous year have been regrouped/ rearranged wherever necessary to confirm to the current year presentation.

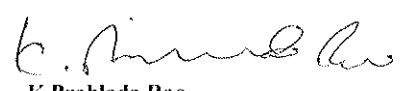
For Nangia & Co LLP
Chartered Accountants
FRN No. 002391C/N500069


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

