



**CHALLENGING TIMES...**

*Bringing out the Best!*

ANNUAL REPORT  
2020-21



## **VISION**

A society with equal opportunities, having complete access to sustainable financial services, which help in promoting livelihood opportunities and economic development.

## **MISSION**

To be an impact investment partner for social enterprises, operating within a triple bottom line framework and focusing on the marginalized communities in India, by delivering long term value to all the stakeholders.

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## CORPORATE INFORMATION

<b>Registered Office</b>	: No. 8/9, Mansuk Buildings, Flat No. 3A, 3 <sup>rd</sup> Floor, Gangadeeswara Koil St., Purasawalkam, Chennai, Tamil Nadu. 600 084
<b>Corporate Office</b>	: Hepzibah Complex, Mannuthy P.O., Thrissur, Kerala - 680 651
CIN	: U65910TN1996PTC036650,
RBI Registration Number	: B-07-00652

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## Our Investors



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## Our Bankers



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## THE JOURNEY OF ESAF 1992 - 2020

1992	1995	1995	1997	1998	2000
					
Established ESAF Society as an NGO	Launched microcredit operations under Micro Enterprises Development Project, with the support of EFICOR	ESAF launched Micro Enterprise Development (MED) initiative (First in Kerala) and disbursed first loan at Methala, Thrissur	K. Paul Thomas, Founder & MD met Prof. Muhammed Yunus in Bangladesh to understand the nuances of microcredit.	Received Seed capital from Grameen Trust, Bangladesh	Funding from major financial institutions started
2004	2007	2007	2008	2008	2009
					
Expanded operations to Tamil Nadu, Maharashtra and Chattisgarh	Attained ₹1,000 million cumulative disbursements.	Wins Micro-Insurance Award instituted by ING Netherlands and Planet Finance India.	Ranked 14 <sup>th</sup> in the world, and 4 <sup>th</sup> in India for transparency and efficiency, by MIX Market.	MED operations transformed to ESAF Microfinance (RBI Licenced NBFC) after acquiring the portfolio from ESAF NGO	Equity Investment by Dia Vikas Capital (P) Ltd., a wholly owned subsidiary of Opportunity International, Australia.
2009	2010	2010	2011	2011	2012
					
Selected by International Labour Organization (ILO) for the project 'Microfinance for decent work'.	Equity investment by Maanaveeya Holdings (P) Ltd., a wholly owned subsidiary of Oiko Credit, Netherlands.	Selected by the Govt. of India as an aggregator for Swavalamban Yojana, pension scheme (NPS Lite).	Rated mFR4 by CRISIL. Rated B+ (Responsible Microfinance) and $\Sigma$ B+ (Social Rating) by M-CRIL.	ESAF Swasraya Multistate Co-op. Credit Society got incorporated	SROI Study suggests that, for the equivalent of every ₹1 invested in ESAF Microfinance, ₹3.19 is returned in social value.
2012	2013	2013	2013	2013	2013
					
Rated mFR3 by CRISIL Ratings	Selected by World Bank Group for 'India Development Marketplace' award.	MF Transparency has awarded an official seal of transparency for transparent pricing.	K.Paul Thomas, CMD becomes the Director of MFIN	Selected as Service Provider for Mahatma Gandhi Pravasi, Suraksha Yojana by the Govt. of India.	ESAF wins the title Socially Transparent and Responsible (STAR) MF 2013, granted by MIX Market.
2014	2014	2014	2014	2014	2014
					
Wins Truelift Aspirant Certificate completing the self assessment of Truelift indicators based on pro-poor principles.	ESAF wins Disability Inclusion Award	ESAF among the finalists to receive the prestigious European Microfinance Award	K. Paul Thomas, CMD wins Emerging Entrepreneur of the year Award by The Indus Entrepreneurs (TIE)	Received 'NBFC-MFI' licence from Reserve Bank of India	SIDBI acknowledges ESAF's gender mainstreaming strategy



<p>2014</p>  <p>Rated mFR2 by CRISIL Ratings</p>	<p>2014</p>  <p>Launches Ultra Poor Program in Jharkhand</p>	<p>2015</p>  <p>ESAF Launched Loans for Individuals</p>	<p>2015</p>  <p>ESAF Launched Lahanti Institute of Multiple Skills in Jharkhand</p>	<p>2015</p>  <p>Rated A- by Brickwork Ratings a premier rating agency.</p>	<p>2015</p>  <p>ESAF Quarterly Newsletter 'Lahanti' wins NIB Award among corporate journals in India.</p>
<p>2015</p>  <p>Graded MF2+ and Bank Loan Rating 'BBB+' by Care Ratings</p>	<p>2015</p>  <p>The Cultural Village project of ESAF won the Walking Visionary Award from Walk 21</p>	<p>2015</p>  <p>ESAF Crossed ₹10 Billion Gross Loan Portfolio</p>	<p>2015</p>  <p>K. Paul Thomas, CMD wins CEO Excellence of the year Award by DC Media.</p>	<p>2015</p>  <p>ESAF Launched Housing Loan in association with Microbuild India Habitat</p>	<p>2016</p>  <p>ESAF received SKOCH Order of Merit Award for its excellence in Financial Inclusion space</p>
<p>2016</p>  <p>Crossed 1 Million Members &amp; 20 Billion Loan Portfolio</p>	<p>2016</p>  <p>ESAF Received Special Jury Award for serving MSMEs from Chamber of Indian Micro Small &amp; Medium Enterprises</p>	<p>2016</p>  <p>K. Paul Thomas, CMD wins Dhanam Marketing Man of the Year 2015</p>	<p>2016</p>  <p>Graded MF1 by Care Ratings</p>	<p>2016</p>  <p>ESAF Chairman K. Paul Thomas won 'Entrepreneur of the Year' Award by TIE Kerala.</p>	<p>2016</p>  <p>ESAF received Indywood CSR Excellence Award</p>
<p>2016</p>  <p>ESAF won Inclusive Finance India award by ACCESS ASSIST</p>	<p>2017</p>  <p>ESAF Annual Report wins NIB Award (Gold) for Best Annual Report</p>	<p>2017</p>  <p>ESAF received ₹10 Million as the first tranche of Carbon Credit revenue and became the first MF1 from India to win Carbon Credit revenues.</p>	<p>2017</p>  <p>ESAF celebrated 25 years of Social Service</p>	<p>2017</p>  <p>ESAF won 'Banking Excellence Award' from Chamber of Indian Micro Small &amp; Medium Enterprises</p>	<p>2017</p>  <p>AMCOS, Association of Multi state Co-operative Societies honoured ESAF Chairman K. Paul Thomas for his glorious contributions to the Co-operative sector</p>
<p>2017</p>  <p>ESAF launched ESAF Small Finance Bank, the first bank from Kerala since independence</p>	<p>2017</p>  <p>K. Paul Thomas elected to Sa-Dhan, the oldest and largest association of community development finance institutions.</p>	<p>2018</p>  <p>ESAF Small Finance Bank opened 100 new Retail Banking Outlets</p>	<p>2018</p>  <p>K. Paul Thomas won TMA Management Excellence Award</p>	<p>2018</p>  <p>Govt. of India picks ESAF for Atal Pension Yojana</p>	<p>2018</p>  <p>K. Paul Thomas won Chamber of Commerce Award 2018</p>
<p>2018</p>  <p>ESAF Small Finance Bank receives Scheduled Bank status</p>	<p>2019</p>  <p>ESAF Small Finance Bank Launches the 'HUMANOID ROBOT' named 'EIDA'</p>	<p>2019</p>  <p>ESAF Small Finance Bank opens 222 new Retail Banking Outlets</p>	<p>2019</p>  <p>ESAF Micro Finance and Investments changed its name to ESAF Financial Holdings</p>	<p>2020</p>  <p>ESAF Financial Holdings Private Limited Registered as Core Investment Company with the Reserve Bank of India.</p>	

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## BOARD OF DIRECTORS



**Chief Financial Officer** Mr. Sunil G Nampoothiri

**Company Secretary** Mr. Vishakh

**Statutory Auditors** M/s A. John Moris & Co.



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## MESSAGE FROM THE CHAIRPERSON AND MANAGING DIRECTOR



I am very much glad to address you this year because when I was addressing you the last year the economy was frozen under pandemic woes. But now, entire world is preparing for a big leap forward after the pandemic period. Indian economy also is showing signs of resurgence and is confidently back to the trajectory of a multifold growth with a GDP growth rate of 20.1% for the first quarter of 2021. Hopefully the worse hit sectors like banking, financial services, tourism etc will be back to the old glory in the present year.

As an investment company our revenue stream was not affected even in the last year as you can see from the audited financial statements. Regarding ESAF Small Finance Bank Limited (ESFB) which we have promoted, despite the challenging conditions prevailing in the market, the operating profit was increased by 28.7%. However due to the higher provisions for advances during the period, there was reduction in the net profit of Bank compared to the previous year. The operations of ESFB spread to 21 states during the

year which was in 16 states in the previous year. In terms of number of number of branches also ESFB achieved pretty good growth of 21%. At the end of the year it had 550 branches spreading across India. Even in the first and second wave of Covid19, ESFB was able to achieve brilliant growth in deposit and advance which were 28% and 24% respectively. As the promoter we can definitely be proud of the overall performance of the bank in the challenging year.

As a social enterprise, this year was a year to strengthen our core values and steadfastly go to achieve our vision. We have been doing a lot of activities for mitigating the impact of pandemic on our society and supporting the national mission of preventing it.

The Initial Public Offer (IPO) planned by ESFB in the previous year had to be postponed due to strategic reasons as ESFB wanted to have a suitable economic condition for its IPO during the current year. As the market being buoyant and economy is bullish the IPO is likely to hit the market this year. We expect that the IPO

will be a resounding success due to many factors like reputation of the brand ESAF, very healthy operational indicators and the resurgent Indian economy.

I would like to express gratitude from my heart to all our investors, especially to ESAF Swaraya Multi State Agro Cooperative Society, Dia Vikas Capital and SIDBI venture-Samrudhi Fund, the regulators, the Auditors, employees and other stakeholders of the company for the relentless support they have been providing. I also thank our investee company, ESFB and its management team wholeheartedly for its commendable performance during the year. Our Board of Directors also have been giving us valuable support as always. I express my sincere gratitude to each one of them also.

Thanking you with prayers



**Mereena Paul**  
Chairperson and Managing  
Director



## JOYFUL STORIES



### REKHA, KENTHALA, TN

**R**ekha hails from Kenthala, Ooty. She is with ESAF SFB since 2018. Her family comprises of her husband and son. She is helped by her husband in her business. Her son is doing final year college. She is running a supermarket. She has availed MEL from ESAF SFB. "I received the amount in the right time and thus I was able to make good business", says Rekha. There is a good business

and she gets a good profit. Even in the Covid period her business flourished as it is an essential service. It was only her shop available in her area. She has grocery and provisions only but she wishes to get vegetables and fruits in the near future. She owns the space there. She also has a snacks shop beside this store. A total of five are employed in both shops. She has an app named

"Stock Monkey" for her shop in the google play store. They also do door delivery service for their customers that helps a lot during this pandemic period. "I am happy the way in which my business is going now. I want to expand it and make some changes to improve my stocks and give more service to my customers", says Rekha. Her son wishes to pursue MBA on completing his graduation.

*The customer story mentioned above is of the investee company ESAF Small Finance Bank Ltd.*



## JOYFUL STORIES



### VANITHA, OOTY, COIMBATORE

It has been four years Vanitha has been associated with the ESAF SFB family. She hails from Ooty, Tamil Nadu. She is from the Vennila sangham that functions in the Rohini area. Her family comprises of her daughter, mother and husband. Her daughter is married. She is a well known micro entrepreneur in that area. She has taken a business loan of about Rs. 2.5 Lakh from ESAF SFB and a sangham loan of about Rs. 60,000. She has experimented two business in which she is very successful now. She runs a nursery

and a fast food shop in prime areas of Ooty. She exports her saplings from Ooty to Kerala, Bangalore etc. She used to have about 30,000 rupees as profit every month from her nursery and about 10-15 thousand profit from her fast food shop. There are about seven people employed in her nursery and three are employed in her food stall. Ooty typically is known for its scenic beauty that attracts thousands of tourists each year. Hence her business is also much dependent on tourists. Since covid, there are so much of restrictions

and lockdown, her business now is going in a slow phase. "The business is going is very dull as there are no visitors now. But I am confident that even this situation will change and we are used to this new normal", she says. She is planning to start a provision shop in future as there will always be a need to such goods in the local population amidst lockdown and covid restrictions. ESAF has helped me in all the tough times and it is the only organization that supports and motivates such household population, says Vanitha.

*The customer story mentioned above is of the investee company ESAF Small Finance Bank Ltd.*



## AGM NOTICE



### ESAF Financial Holdings Private Limited

CIN: U65910TN1996PTC036650

Registered Office Address: No 8/9, Mansuk Buildings,

Flat No.3A, 3<sup>rd</sup> Floor, Gangadeeswara Koil St., Purasawalkam, Chennai - 600 084

Corporate Office Address: 2<sup>nd</sup> Floor, Hephzibah Complex Mannuthy P O Thrissur, Kerala - 680 651

NOTICE is hereby given that the 25th ANNUAL GENERAL MEETING of the members of ESAF FINANCIAL HOLDINGS PRIVATE LIMITED will be held on Thursday, 30th September, 2021 at 02:30 PM IST through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM") to transact the following businesses:

#### ORDINARY BUSINESS

**Item No.1 - To receive, consider and adopt the audited Balance Sheet as on 31st March 2021, the Profit and Loss account and Cash Flow for the year ended on that date together with the schedules and annexures thereto (including Consolidated Financial Statements), the Reports of the Auditors' and Directors' thereon.**

**Item No.2 - To declare a dividend on preference shares.**

#### SPECIAL BUSINESS

**Item No. 3 - Appointment of Shri. Abraham Thariyan (DIN: 07132831) as the Independent Director of the Company**

To consider and, if thought fit, to assent or dissent, to the following resolution(s) to be passed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act'), the Companies (Appointment and Qualification of Directors) Rules, 2014 and the directions of the Reserve Bank of India (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri. Abraham Thariyan, holding DIN: 07132831, who was appointed as an Additional Director on the Board of Directors of the Company, pursuant to provisions of Section 161 of the Companies Act 2013, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted declaration that he meets the fit and proper criteria laid down by the Reserve Bank of India who is eligible for appointment, be and is hereby appointed as the Independent Director of the Company, for a period of three (3) consecutive years with effect from 08th September, 2021 and whose office shall not be liable to retire by rotation."

#### Item No. 4 -Shifting of the Registered office of the Company

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

"RESOLVED THAT subject to the provisions of section 12, 13(4) and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the approval of the Reserve Bank of India and the Regional Director of the Ministry of Corporate Affairs and other regulatory authorities, government(s), judicial/quasi-judicial authorities, court(s), consent of the shareholders be and is hereby accorded for shifting of the Registered Office of the Company from the State of Tamil Nadu to Kerala.

"RESOLVED FURTHER THAT subject to the aforementioned approval and pursuant to section 13 and all other applicable provisions, if any of the Companies Act, 2013, the existing clause II of Memorandum of Association of the Company be and is hereby substituted with the following clause II:

"II. The Registered Office of the Company will be situated in the State of Kerala."

"RESOLVED FURTHER THAT upon the approval of the Reserve Bank of India and the Regional Director of the Ministry of Corporate Affairs, the Registered office of the Company be shifted from the State of Tamil Nadu to Kerala.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Chairperson and Managing Director, Chief Financial Officer and Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, filings, matters and things and execute all such deeds, documents, instruments and writings as may be required, with powers on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard."

Place : Thrissur

Date : 08<sup>th</sup> September, 2021

Sd/-  
**Vishakh**

Company Secretary  
Membership No: A 58999



**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular dated 5 May 2020 read with circulars dated 8 April 2020 and 13 April 2021 and (collectively referred to as 'MCA Circulars') permitted holding of the annual general meeting ('AGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'SEBI Listing Regulations') and MCA Circulars, shareholders can participate in the meeting through Video Conferencing (VC) facility.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
4. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM
5. The Registers under the Companies Act, 2013 and copies of all documents referred to in the notice and explanatory statement annexed thereto are available for inspection in physical or in electronic form at the Corporate Office of the Company between 10.00 am and 1.00 pm on all working days till the date of the meeting.
6. Members will be able to attend the AGM through VC or view the live webcast of AGM provided by clicking on the link given below and entering the login credentials:

**VIDEO CONFERENCING SOLUTION: CISCO WEBEX MEETING**

**Meeting Access Code: 2510 837 2102**

**Meeting Password: esaf123**

*Meeting Access Link: <https://esafbank.webex.com/esafbank/j.php?MTID=mcff13a6951222cef72887866b078b34c>*

7. Institutional/Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) shall send a scanned copy (pdf/jpg format) of its Board or Governing Body's resolution/authorisation, etc., authorising their representative to attend and vote in the AGM on its behalf. The said resolution/authorisation shall be sent to the Company Secretary by email from their registered email address to vishakh.b@esafholdings.com.
8. The facility of joining the AGM through VC will be opened 15 minutes before and will be open up to 15 minutes after the scheduled start time of the AGM, i.e., from 02:15 PM to 02:45 PM.
9. The Statutory Registers maintained by the Company is available for inspection to members at the registered office of the Company during the business hours.  
  
In accordance with the MCA Circulars, the said registers have been made accessible for inspection through electronic mode and shall remain open and be accessible to any member till conclusion of the meeting. Any member intending to inspect the Statutory registers through electronic mode shall make a request by sending an email to vishakh.b@esafholdings.com.
10. For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance by sending an email to vishakh.b@esafholdings.com before 5:30 PM IST on 29th September, 2021 mentioning their name, demat account no./Folio no., e-mail Id, mobile number, etc. The queries may be raised precisely and in brief to enable the Company to answer the same suitably depending on the availability of time at the meeting.
11. Members may note that attendance of members through VC shall be counted for the purpose of reckoning quorum under Section 103 of the Companies Act, 2013.
12. Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.
13. During the Meeting, where a poll on any item is required, the members participating through VC shall cast their vote on the resolutions only by sending emails from their registered email id registered with the Company to vishakh.b@esafholdings.com.
14. Members who need technical assistance before or during the Twenty Fifth AGM can contact the Company at vishakh.b@esafholdings.com or helpline – 9072045500.



## DISCLOSURES AS PER SECRETARIAL STANDARDS

<b>Name of the proposed Director</b>	Shri. Abraham Thariyan			
<b>Age</b>	69 Years			
<b>Qualification</b>	<ul style="list-style-type: none"> <li>• Masters in Business Administration, University of Cochin</li> <li>• Masters in General Sociology, University of Saugar, Madhya Pradesh</li> <li>• Bachelor's Degree in Science, University of Kerala</li> </ul>			
<b>Expertise in specific functional areas</b>	<ul style="list-style-type: none"> <li>• International Banking, Treasury, Financial services</li> </ul>			
<b>Experience</b>	<b>Sl. No.</b>	<b>Name of the Organization</b>	<b>Designation</b>	<b>Period of Employment</b>
	1	Federal Bank Limited	Various Designation	1973 - 2009
	2	South Indian Bank Limited	Executive Director	April 2009 – September 2014
<b>Terms and Conditions of appointment</b>	Appointing as Independent Director for a period of 3 years with effect from 08 <sup>th</sup> September, 2021 and not liable to retire by rotation.			
<b>Details of remuneration sought to be paid</b>	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees.			
<b>Remuneration last drawn</b>	NIL			
<b>Date of First appointment on the Board</b>	NA			
<b>Shareholding in the Company</b>	NIL			
<b>Relationship with other Directors, Manager and other Key Managerial Personnel</b>	NIL			
<b>Number of meetings of the Board attended during the year.</b>	NA			
<b>Directorships held in other companies</b>	NIL			

## MEMBERSHIPS/ CHAIRMANSHIP OF COMMITTEES OF OTHER COMPANIES

Sl.No	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a chairperson
NIL			

### ITEM NO. 4 –SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY FROM THE STATE OF TAMIL NADU TO THE STATE OF KERALA

Considering the administrative and operational convenience and ease, the Board of Directors in their meeting held on 08th September, 2021 had considered and subject to approval of the Reserve Bank of India, the Regional Director of Ministry of Corporate Affairs and the shareholders, approved the proposal for shifting the registered office to the State of Kerala, as the entire business of the Company is administered from the State of Kerala and the majority of shareholders are also located in the State of Kerala.

As per provisions of Section 12(5) of the Companies Act, 2013 shifting of registered office of a company outside the local limits of any city, town or village requires approval of shareholders by way of Special Resolution.

Since proposed location is outside the state in which is the present registered office is situated, approval of shareholders by way of special resolution is required. If approved, the registered office will be moved to the State of Kerala. Therefore, the Board recommends Resolution No. 4 as a Special Resolution for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company, is concerned or interested in Item No.4 as specified in the Notice.



## DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2020-21

To,  
The Members,

Your directors have pleasure in presenting the Twenty Fifth Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended 31st March, 2021.

### 1. FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance both on a Consolidated and Standalone basis for FY 2020-21 compared to the previous year, FY 2019-20 is given below:

Particulars	Stand alone		Consolidated	
	2019-20	2020-21	2019-20	2020-21
Total revenue	544.11	532.49	544.11	532.49
Total Expenses	324.80	316.79	324.80	316.79
Share of Profit/(Loss) of Associate Company	-	-	9039.10	4213.25
Profit (Loss) before Extra-Ordinary items and taxation	219.31	215.70	9258.41	4428.95
Tax Expenses	59.45	46.12	59.45	46.12
Profit (Loss) from continuing operations (A)	159.85	169.58	9198.95	4382.83
Profit from discontinued operations	-	-	-	-
Gain on transfer of business due to discontinued operations	-	-	-	-
Profit before tax from discontinued operations	-	-	-	-
Profit from discontinued operations (B)	-	-	-	-
Other Comprehensive Income	-	-	5069.31	(1635.40)
Profit for the year (A+B)	159.85	169.58	14268.27	2747.42

### 2. DIVIDEND

The Board of Directors of the Company proposed to declare final dividend on preference shares issued by the company as given below. The Board of Directors have not declared any Interim Dividend during the financial year under review.



Type of CCPs	Name of shareholder	Rate of Dividend	Amount of dividend (in Rs.)
10% CCPS	Cedar Retail Private Limited	10%	9,44,795
8% CCPS (Converted as on 29 <sup>th</sup> March, 2021)	ESAF Swasraya Multistate Agro Cooperative Society Limited	8%	1,20,33,818
8% CCPS (Converted as on 29 <sup>th</sup> March, 2021)	Dia Vikas Capital Private Limited	8%	32,27,458
8% CCPS	Dia Vikas Capital Private Limited	8%	1,44,38,800
<b>Total</b>			<b>3,06,44,871</b>

With a view to preserve its reserves, the Directors do not recommend any Dividend on Equity Shares for the financial year ended March 31, 2021.

### 3. AMOUNTS TRANSFERRED TO RESERVES

During the year under review, your Company has transferred an amount of Rs. 33,91,648/- out of profit after tax for the year to the statutory reserve.

### 4. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the Company stands at 70.07% as of March 31, 2021 as against the minimum capital adequacy requirements of 30% stipulated by RBI.

### 5. RBI REGULATIONS

As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company has not accepted any public deposits during the year and do not have any public deposits outstanding at the end of the year.

### 6. SHARE CAPITAL

#### a) Authorized Share Capital

During the year under review, no change has been made in the Authorized Share capital of the Company. The Authorized Share Capital of the Company as on 31st March 2021 stands at Rs.2500 million divided into 190 million Equity Shares of Rs.10/- each and 6 million Compulsorily Convertible Preference Shares of Rs.100/- each.

#### b) Paid up Share Capital

During the Financial Year 2020-21, the Company had converted its Compulsorily Convertible Preference Shares as given below:

Sl. No.	Series	No of CCPS to be converted	No of Equity Shares to be allotted	Total face value of Equity shares allotted	Premium on each equity share
1.	Series A 8% CCPS	15,12,515	1,00,83,433	100834330	5
2.	Series A 8% CCPS	405655	27,04,367	2,70,43,670	5
3.	10% CCPS	95,000	6,33,333	6,33,3330	5

The Paid-up Share Capital of the Company as on 31st March 2021 stood at Rs. 1718.09 million divided into 153.76 million Equity Shares of Rs. 10/- each and 1.8 million 1% Compulsorily Convertible Preference Shares of Rs. 100/- each.



## 7. STATE OF COMPANY'S AFFAIRS

The Company is registered with RBI as a Non-Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC) and the Certificate of Registration as CIC was issued on 26th February, 2020. The Company is in compliance with the conditions of the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 as amended. The conversion was done based on the licensing condition of the Reserve Bank of India while approving the small finance bank license for ESAF Small Finance Bank Limited, the Bank promoted by the Company.

Being a CIC, the Company has its investments primarily in the bank. The Board of the Company has an effective oversight on the statutory and policy related compliances which the Bank has to ensure in its day-to-day functioning.

## 8. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

The Company conducts its business through the following Associate whose details are given below:

Sl.No	Name of the Associate	Activities
1.	ESAF Small Finance Bank Limited	Banking business

The statement of associate bank in Form AOC-1 is annexed as **Annexure I**. The Company does not have any Subsidiary within the meaning of Section 2(87) or Joint Venture Companies within the meaning of Section 2(6) of the Companies Act, 2013. There are no Companies which have become or ceased to be Subsidiaries, Associate or Joint Ventures Companies during financial year 2020-21. The Consolidated Financial Statements which have been prepared in accordance with the Act, and the relevant Accounting Standards form part of this Annual Report.

### Status of Listing of Equity Shares of the ESAF Small Finance Bank Limited

Initially the ESAF Small Finance Bank Limited (the "Bank") had submitted the DRHP with SEBI in January 2020, however due to the outbreak of COVID 19 pandemic, the Bank was not in a position to complete the IPO process within the timeline prescribed by SEBI for the DRHP filed by the Bank, therefore the Bank had to withdraw the same so that capital can be raised to meet the business requirements of the Bank. The Bank in March 2021 has raised equity capital of Rs. 162.59 Crores through private placement.

Later, in order to achieve the regulatory timeline to achieve the listing of equity shares, the Board of Directors has decided to resume the IPO activities and accordingly the Bank refiled the DRHP on July 25, 2021 comprising of Initial Public Offer of Equity Shares of face value of Rs. 10 each aggregating up to Rs. 9,977.80 Million comprising a fresh issue up to Rs. 8,000.00 Million and an Offer For Sale up to Rs. 1,977.80 Million. The approval of SEBI is awaited in this regard.

## 9. BOARD MEETINGS

During the Financial Year 2020-21, the Board of Directors of the Company met Seven (7) times on 05th June 2020, 29th June 2020, 28th August 2020, 11th December 2020, 11th March 2021, 23rd March 2021 and 29th March 2021.

## 10. DIRECTORS AND KEY MANAGERIAL PERSONNELS (KMPS)

As on date of this report, the Board of Directors of the Company comprises of Five directors. The list of Directors and the Key Managerial Personnel as on 31st March is as given below:

Sl.No	Name of Director/ Key Managerial Person	Designation
1.	<b>Mrs. Mereena Paul</b>	Chairperson and Managing Director
2.	<b>Mr. Vikraman Ampalakkat</b>	Independent Director
3.	<b>Mr. Ranganathan Varadarajan Dilip Kumar</b>	Nominee Director
4.	<b>Mr. Saneesh Singh</b>	Nominee Director
5.	<b>Mrs. Philomina</b>	Nominee Director
6.	<b>Mr. Sunil Ganapathi Nampoothiri</b>	Chief Financial Officer
7.	<b>Mr. Vishakh</b>	Company Secretary



### **Change in Directors and Key Managerial Personnel**

During the last year, there were no changes in the Board of Directors and KMP's of the Company.

The Board of Directors of the Company in its meeting held on 08th September, 2021, had appointed Shri. Abraham Thariyan (DIN: 00812892) as Additional Director (Independent), who shall hold office till the ensuing 25th Annual General Meeting. On the basis of the recommendation of Nomination and Remuneration Committee of the Board, the Board had recommended for approval of the members the appointment of Shri. Abraham (DIN: 00812892) as Independent Director, in terms of Section 149 of the Companies Act, 2013, with effect from 08th September, 2021 for three consecutive years. The proposal for his appointment as Independent Director of the Company for a period of three consecutive years is being placed for consideration of shareholders of the Bank.

*(Please refer Item No. 3 of the notice of the 25th Annual General Meeting of Shareholders for further details)*

### **11. DECLARATION BY INDEPENDENT DIRECTOR**

The Company has received declarations from the Independent Director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria laid down by Section 149 of the Companies Act, 2013.

### **12. DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your directors confirm that:

- in the preparation of the annual accounts for the financial year ended 31st March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit /loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **13. APPOINTMENT OF STATUTORY AUDITOR AND AUDIT REPORT**

At the Annual General Meeting held on 28th September, 2020, the Company had appointed M/s. A. John Moris & Co., Chartered Accountants, Chennai (FRN: 007220 S) as the Statutory Auditors of the Company for a period of five consecutive years to hold office from the conclusion of the Twenty Fourth Annual General Meeting till the conclusion of Twenty Ninth Annual General meeting.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and hence do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.



#### **14. CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

**a) Conservation of Energy**

Our operations are not energy intensive. However, significant measures will be taken to reduce energy consumption by using energy efficient computers.

**b) Technology Absorption**

During the year under review, there is no expenditure on Technology Absorption and on Research and Development.

**c) Foreign Exchange Earnings/ Outgo:**

**Foreign exchange earnings**

The Company has not received any amount as foreign exchange earnings during the year under review.

**Foreign exchange outgo**

The Company has not incurred any foreign exchange outgo during the year under review.

#### **15. FRAUD REPORTING**

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 to the Audit Committee.

#### **16. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return, in format MGT-9, for the Financial Year 2020-21 has been enclosed with this report as **Annexure II**.

#### **17. PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186**

Particulars of loans, guarantees and Investments made by the Company under Section 186 of the Companies Act 2013 is enclosed with this report as Annexure III.

#### **18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2020-21 in the prescribed format, AOC-2 has been enclosed with the report as Annexure IV.

#### **19. DEPOSITS**

During the year under review, the Company has not accepted any deposits from the public.

#### **20. CSR EXPENDITURE**

The Company does not come under the purview of Section 135 of the Companies Act, 2013 and have not spend any amount on Corporate Social Responsibility.

#### **21. SECRETARIAL AUDIT REPORT**

Since all the Non-Convertible Debentures have been delisted, Secretarial Audit is not applicable to the Company for the Financial Year 2020-21.

#### **22. MANAGERIAL REMUNERATION**

None of the employee has received remuneration exceeding the limit as stated in Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **23. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material Changes and Commitments affecting the financial position of the Company have been occurred as at the end of the financial year.



#### 24. PERFORMANCE EVALUATION

The Annual Evaluation of the effectiveness of functioning of Board and that of the Committees and of individual directors has been in accordance with the parameters prescribed by the Nomination and Remuneration Committee of the Board.

#### 25. INTERNAL FINANCIAL CONTROLS

The Board of Directors of the Company has adopted Policies and Procedures for ensuring orderly and efficient conduct of business including adherence of company's policies, safe guarding of asset, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable financial statements. The Board of Directors is of the opinion that the internal financial control systems existing in the Company is commensurate with the nature, size and operations of the Company and no material weakness exists.

#### 26. RISK MANAGEMENT POLICY

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company as part of business strategy has in place a mechanism to identify, assess, monitor risks and mitigate various risks with timely action. Risks are discussed at the meetings of the Risk Management Committee and the Board of Directors of the Company.

#### 27. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

No significant orders passed by the authorities which impacts the going concern status and company's operations in future.

#### 28. DISCLOSURE REGARDING SECTION 178(3) RELATING TO COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION ENVISAGED AS SECTION 178(3)

The Nomination & Remuneration committee of the company has formulated a policy for determining the remuneration of directors, Key Managerial Personnel and other employees.

#### 29. DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

During the Financial Year 2020-21, the Company has not received any complaints on sexual harassment.

#### 30. GREEN INITIATIVES

Electronic copies of the Annual Report for the FY 2020-21 and the Notice of the AGM is being sent to all the members whose email addresses are registered with the Company. For members who have not registered their email address, physical copies are sent in the permitted mode.

#### 31. COST RECORDS

The Company is not required to maintain cost records as specified by the Central Government under subsection(1) of Section 148 of the Companies Act, 2013.

#### 32. ACKNOWLEDGMENT

The Directors express their sincere appreciation to the valued shareholders, bankers and clients for their support.

Place : Thrissur

Date : 08<sup>th</sup> September, 2021

Sd/-

**Mereena Paul**

Chairperson and Managing Director

DIN:02228087

Sd/-

**Vikraman Ampalakkat**

Director

DIN:01978341



## ANNEXURE I

### Form AOC-1

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

### Part A – Subsidiaries

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Subsidiaries: **NA**

### Part B - Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: **NA**

(Information in respect of each associate to be presented with amounts in millions.\*)

Sl. No	Particulars	
1.	<b>Name of the Associate</b>	ESAF Small Finance Bank Limited
2.	<b>Reporting period for the subsidiary concerned, if different from the holding company's reporting period</b>	Not Applicable
3.	<b>Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries</b>	Not Applicable
4.	<b>Share capital</b>	4,494.74
5.	<b>Reserves and surplus</b>	8,082.74
6.	<b>Total assets</b>	121,604.67
7.	<b>Total Liabilities</b>	109,027.20
8.	<b>Investments</b>	19,748.44
9.	<b>Turnover</b>	10,925.51
10.	<b>Profit before taxation</b>	836.89
11.	<b>Provision for taxation</b>	412.71
12.	<b>Profit after taxation</b>	647.13
13.	<b>Proposed Dividend</b>	NIL
14.	<b>Extent of shareholding (in percentage)</b>	62.464%

**Notes:** The following information shall be furnished at the end of the statement:

- Names of Associates or Joint Ventures which are yet to commence operations: **NIL**
- Names of Associates or Joint Ventures which have been liquidated or sold during the year: **NIL**

\* Figures as per Ind AS



## ANNEXURE II

### Form No. MGT-9

### Extract of Annual Return

### as on the financial year ended on 31<sup>st</sup> March, 2021

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

#### I. REGISTRATION AND OTHER DETAILS:

i.	<b>CIN</b>	U65910TN1996PTC036650
ii.	<b>Registration Date</b>	27/09/1996
iii.	<b>Name of the Company</b>	ESAF Financial Holdings Private Limited
iv.	<b>Category / Sub-Category of the Company</b>	Private Limited Company
v.	<b>Address of the Registered office and contact details</b>	No 8/9, Mansuk Buildings, Flat No.3A, 3rd Floor, Gangadeeswara Koil St, Purasawalkam, Chennai – 600084, Tamil Nadu Ph: 044 43560790 Email: <a href="mailto:ro@esafmicrofin.com">ro@esafmicrofin.com</a>
vi.	<b>Whether listed company</b>	No

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Activities of holding Company	64200	96.00%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	ESAF Small Finance Bank Limited  Building No. VII/83/8, ESAF Bhavan, Thrissur-Palakkad National Highway, Mannuthy, Thrissur, Pin- 680 651	U65990KL2016PLC045669	Associate	62.464%	2(6)



**IV.SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)**
**I) CATEGORY-WISE SHARE HOLDING**

a) Equity shareholding

Category of shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A. Promoters</b>								
<b>(1) Indian</b>								
a.Individual/HUF	-	34,900	34,900	0.02%	-	34,900	34,900	0.02 %
b. Central Govt	-	-	-	-	-	-	-	-
c.State Govt (s)	-	-	-	-	-	-	-	-
d.Bodies Corp.	-	-	-	-	-	-	-	-
e.Banks / FI	-	-	-	-	-	-	-	-
f.Any Other....	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	34,900	34,900	0.02%	-	34,900	34,900	0.02 %
<b>(2) Foreign</b>								
a) NRIs - Individuals	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-



<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	-	34,900	34,900	0.02%	-	34,900	34,900	0.02%	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	1,71,76,230	1,71,76,230	12.24%	-	1,71,76,230	1,71,76,230	11.17%	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	-	<b>1,71,76,230</b>	<b>1,71,76,230</b>	<b>12.24%</b>	-	<b>1,71,76,230</b>	<b>1,71,76,230</b>	<b>11.17%</b>	-
<b>2. NON-INSTITUTIONS</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	2,80,25,633	2,80,25,633	19.97%	-	3,13,63,333	3,13,63,333	20.40%	0.43
ii) Overseas	-	-	-	-	-	-	-	-	-



b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	1,05,000	1,05,000	0.07 %	-	1,05,000	1,05,000	0.07 %	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	18,24,426	18,24,426	1.30%	-	18,24,426	18,24,426	1.19%	-
c) Others	-	9,31,73,774	9,31,73,774	66.39 %	-	10,32,57,207	10,32,57,207	67.15 %	0.76
<b>Sub-total (B) (2):-</b>	-	<b>12,31,28,833</b>	<b>12,26,22,473</b>	<b>87.74 %</b>	-	<b>13,65,49,966</b>	<b>13,65,49,966</b>	<b>88.81 %</b>	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	<b>14,03,05,063</b>	<b>14,03,05,063</b>	<b>99.98%</b>	-	<b>15,37,26,196</b>	<b>15,37,26,196</b>	<b>99.98%</b>	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>14,03,39,963</b>	<b>14,03,39,963</b>	<b>100 %</b>	-	<b>15,37,61,096</b>	<b>15,37,61,096</b>	<b>100 %</b>	-



**(II) SHAREHOLDING OF PROMOTERS**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. Kadambellil Paul Thomas	34,900	0.02%	-	34,900	0.02%	-	-
	Total	34,900	0.02%	-	34,900	0.02%	-	-

**(III) CHANGE IN PROMOTERS' SHAREHOLDING**

Sl.No	Shareholding at the beginning of the year	Shareholding during the year	Cumulative Shareholding during the year		
	No. of shares	% of total shares of the Company	No. of shares		
1.	Mr. Kadambellil Paul Thomas	34,900	0.02%	34,900	0.02%
	At the beginning of the year				
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year	34,900	0.02%	34,900	0.02%

**(IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

Sl.No	Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	ESAF Swasraya Multi State Agro Co-operative Society Ltd. (ESMACO)	8,15,33,174	58.10 %	9,76,16,607	63.49 %

2.	Dia Vikas Capital Pvt. Ltd.	2,80,25,633	19.97 %	3,07,30,000	19.99 %
3.	SIDBI Trustee Company Ltd – A/c Samridhi Fund	1,71,76,230	12.24 %	1,71,76,230	11.17 %
4.	ESAF Staff Welfare Trust	56,40,600	4.02 %	56,40,600	3.67 %
5.	Mr. Kadambelil Pailee Thomas	2,53,180	0.18%	2,53,180	0.16%
6.	Mrs. Achamma Thomas	2,53,180	0.18%	2,53,180	0.16%
7.	Mr. Thomas Joseph	2,00,000	0.14 %	2,00,000	0.13 %
8.	Mr. Raphael Parambi	2,00,000	0.14 %	2,00,000	0.13 %
9.	Mr. George Thomas	1,74,400	0.12 %	1,74,400	0.11 %
10.	Mr. Alok Thomas Paul	87,500	0.06 %	87,500	0.06 %
11.	Ms. Emy Acha Paul	87,500	0.06 %	87,500	0.06 %

#### (V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sl. No.	Names of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mereena Paul	15,000	0.01%	15,000	0.01%

#### VI. INDEBTEDNESS

##### Indebtedness of the Company including interest outstanding/accrued but not due for payment (in million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	72.10	2.80	-	74.90
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9.03	-	-	9.03
Total (i+ii+iii)	81.13	2.80	-	83.93
Change in Indebtedness during the financial year				
· Addition	18.34	-	-	18.34
· Reduction	-	(2.80)	-	(2.80)
Net Change	18.34	(2.80)	-	15.54
Indebtedness at the end of the financial year				
i) Principal Amount	90.44	-	-	90.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-



Total (i+ii+iii)	81.13	2.80	-	83.93
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## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (in Rs.)
		Mereena Paul (Chairperson and Managing Director)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	83,98,031	83,98,031
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit - others, specify...	-	-
5.	Others, please specify (One time compensation)	-	-
	Total (A)	83,98,031	83,98,031
	Ceiling as per the Act	Not Applicable for a Private Company	



**B.REMUNERATION TO OTHER DIRECTORS:**

Particulars of remuneration	Name			Total amount
<b>Independent Directors</b>	<b>A Vikraman</b>			
Fee for attending Board committee meetings		1,40,000		1,40,000
Commission		-		-
Others, please specify		-		-
<b>Total (1)</b>		<b>1,40,000</b>		<b>1,40,000</b>
<b>Other Non-Executive Directors</b>	Philomina (Nominee Director ESMACO)	R V Dilip Kumar (Nominee Director SIDBI Trustee Company Ltd)	Saneesh Singh (Nominee Director Dia Vikas Capital Private Limited)	
Fee for attending Board committee meetings	1,00,000	1,40,000	1,40,000	3,80,000
Commission	-	-	-	-
Others, please specify	-	-	-	-
<b>Total (2)</b>	<b>1,00,000</b>	<b>1,40,000</b>	<b>1,40,000</b>	<b>3,80,000</b>
<b>Total { (1) + (2) }</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,20,000</b>

**C.REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:**

Particulars of Remuneration	Key Managerial Personnel		Total amount
	CFO	Company Secretary	
<b>Gross Salary</b>	Mr. Sunil G Nampoothiri	Mr. Vishakh	
Salary as per provisions contained in section 17(1) of the Income tax Act 1961 (Excluding arrear for previous year)	20,68,968	5,68,872	26,37,840
Value of perquisites u/s 17(2) Income Tax Act 1961			



Profits in lieu of salary u/s 17(3) of Income Tax Act 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission			
-As % of profit	-	-	-
Others, specify			
-Others specify	-	-	-
<b>Total</b>	<b>20,68,968</b>	<b>5,68,872</b>	<b>26,37,840</b>

Note: -

The disclosure regarding remuneration of Key Managerial Personnel made for their tenure in office.

#### VII.PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

Place : Thrissur  
 Date : 08<sup>th</sup> September, 2021

Sd/-  
**Mereena Paul**  
 Chairperson and Managing Director  
 DIN:02228087

Sd/-  
**Vikraman Ampalakkat**  
 Director  
 DIN:01978341



## ANNEXURE III

Particulars of Loan, Guarantees and Investments under Section 186 as on 31<sup>st</sup> March 2021

A) Details of Investments: -

SL No.	Date of investment	Details of Investee	Amount	Purpose for which the proceeds from investment is proposed to be utilized by the recipient
1.	05.05.2016		Rs. 950,000	
2.	20.05.2016		Rs.1,088,050,000	
3.	09.03.2017	ESAF Small Finance Bank Limited	Rs.600,000,000	Equity Share Capital
4.	10.03.2017		Rs.600,000,000	
5.	29.03.2017		Rs.500,000,000	
6.	30.03.2017		Rs.50,000,000	

## ANNEXURE IV

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions arm's length basis:

a) Contracts with Mrs. Mereena Paul

Sl.No	Particulars	Details
1.	Name(s) of the related party and nature of relationship:	Mereena Paul (Chairperson and Managing Director)
2.W	Nature of contracts/ arrangements/ transactions:	Leave and License Agreement for taking on lease building owned by related party.
3.	Duration of the contracts / arrangements/ transactions:	5 Years with effect from February 01, 2017.
4.	Salient terms of the contracts or arrangements or transactions including the value, if any:	The company has taken on rent, a flat owned by Mrs. Mereena Paul, for guest house purposes of the Company
5.	Date(s) of approval by the Board	10.11.2016
6.	Amount paid as advances, if any:	NIL
7.	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not Required

2. Details of contracts or arrangements or transactions arm's length basis:

NIL



# REPORT ON CORPORATE GOVERNANCE – BOARD PROFILE

## REPORT ON CORPORATE GOVERNANCE

ESAF Financial Holdings Private Limited has given adequate thrust to Corporate Governance practices built on the principles of ethics, fair practices and transparency in all its dealings with various stakeholders such as Customers, Employees, Investors, Government and the Society at large. Also the Corporate Governance system is in tune with the RBI guidelines, which envisages adherence to transparency, accountability, responsibility and fairness. Sound corporate governance at your Company is the result of external marketplace commitment and legislation plus a healthy Board culture, which directs the policies and philosophies of the Organization. The Company manages its business and conducts its affairs with the objective of enhancing shareholder value, which also ensures the financial viability of the business.

### A. PHILOSOPHY ON CORPORATE GOVERNANCE

At ESAF Financial Holdings, Corporate Governance is not viewed as a set of binding obligations, but considered as a framework to be followed in true letter and spirit. The Board ensures good Corporate Governance in terms of sound business policies and practices, adherence to compliances, and protection of interests of all the stakeholders. The Board often revisits the existing procedures and policies on Corporate Governance and makes adequate changes to further strengthen the governance practices. The Board ensures the success and continuity of the Company's business through on-going monitoring of activities. In other words, Your Company sees corporate governance beyond financial numbers.

### B. INTERNAL GUIDING PRINCIPLES ON CORPORATE GOVERNANCE

Your Company's Corporate Governance initiatives are based on the following key principles and also in compliance with the Companies Act, Guidelines issued by RBI and other applicable statutes.

- Management must have the executive freedom to drive the enterprise forward without undue restraints.
- The freedom of the Management should be exercised with in a frame work of effective accountability.
- The framework should cover areas including Organizational Structure, Planning Methodology, Management Standards and Policies, Monitoring, Reporting Processes and Statutory Compliances.

### C. BOARD OF DIRECTORS

The Board of the Company has been constituted in such a manner that it comprises of optimum mix of Executive and Non Executive Directors.

As on 31<sup>st</sup> March 2021, the Board consists of a total of five directors including a Managing Director, One Non-Executive Independent Directors and Three Nominee Directors. During the year under review, M/s. ESAF Swaraya Multi State Agro Co-operative Society Limited nominated Mrs. Philomina as their Nominee Director in the Company in place of Mrs. Poonam Mehta.

All important strategic policy matters are deliberated at the Board Meetings.

#### Composition of Board as on 31st March, 2021

Sl. No.	Name	Date of Birth	DIN	Category	Date of Appointment
1.	<b>Mrs. Mereena Paul</b>	24.03.1964	02228087	CMD	10.03.2017
2.	<b>Mr. Vikraman Ampalakkat</b>	08.08.1947	01978341	NEID	30.09.2008
3.	<b>Mr. Saneesh Singh</b>	19.09.1968	02254868	ND	29.05.2015
4.	<b>Mr. R V Dilip Kumar</b>	20.10.1968	01060651	ND	09.11.2015
5.	<b>Mrs. Philomina</b>	19.06.1967	08625252	ND	30.11.2019

**CMD** - Chairperson and Managing Director    **NEID** - Non-Executive Independent Director    **ND** - Nominee Director





**Smt. Mereena Paul- Chairperson & Managing Director:** Smt. Mereena Paul is a renowned social entrepreneur from Thrissur, Kerala and co-founder of ESAF group of Social enterprises, which had its humble origins as a social movement way back in 1992. She has been instrumental in the growth and expansion of ESAF as a brand through her vision and strategic course corrections she provided, which enabled the welfare of the underprivileged masses through various livelihood interventions with a firm footing on the unique triple bottom line approach of ESAF having the three pillars of people, planet and prosperity. Smt. Paul has contributed in a big way in the development of HR policies of ESAF from the initial stages, that are unique with its employee centric approach. During her tenure as the Head - Human Resources of ESAF, the institution could bag a place in the coveted 'Great place to Work' survey. She has been invited by various institutions of repute to talk about the ESAF Model of women empowerment and also about Self Help Group movement.



**Shri. Vikraman Ampalakkat:** Non Executive Independent Director: Mr. Vikraman was the Chief General Manager (CGM) of Small Industries Development Bank of India and was heading the SIDBI Foundation for Microcredit (SFMC). He has got immense experience in the fields of priority sector lending, microfinance, developmental projects, SME lending and Project Finance. He is in the board of Muthoot Fincorp Ltd, Samastha Microfinance Ltd., etc.



**Shri. Saneesh Singh- Nominee Director:** Mr. Saneesh Singh has over 28 years of experience in the fields of development banking, financial inclusion, MSME lending and social & impact investments. He is currently the MD & CEO of Dia Vikas Capital Pvt. Ltd. (Dia Vikas), the leading Social Investor in India. Dia Vikas is a subsidiary of global Impact Investor Opportunity International and Saneesh leads Opportunity's initiatives in India, which is its largest operation globally. Dia Vikas, through its partner institutions, reaches over 13 million poor households- providing access to much needed financial products and services viz. loans, insurance, savings, pensions, etc., and catalyzing community development initiatives viz. health, sanitation, education, etc.

Mr. Singh has been engaged in institution building, mentoring and governance of major microfinance institutions and has wide exposure to innovative community finance arrangements & social investments in India and abroad. He is a member of Inclusive Finance India Group of Advisors and has been associated as committee member with various national level MSME technical institutes, industry associations, business incubators and management training institutions etc. He also serves on key committees and industry forums associated with social performance, responsible finance and impact investments.

Mr Singh had earlier worked in senior managerial capacities at SIDBI and was part of the core team that initiated its highly successful microfinance program. Here he was involved in significant initiatives relating to institutional development, capacity building, technology upgradation, livelihood financing and financial inclusion. He successfully implemented prestigious bilateral projects with UKAid, IFAD, World Bank, GIZ, Swiss Aid, etc.. He also played a key role in startup support and growth of Bandhan which is now a leading Universal Bank (Bandhan Bank).

Saneesh holds Master's Degree in Social Work as well as in Systems Analysis and Design and is an Associate of the Indian Institute of Bankers. He is an Alumni of London School of Economics, Indian School of Business, and Harvard Business School. Saneesh is an Aspire and Chevening Fellow and currently serves on the boards of several leading Financial Inclusion companies, including Cashpor Micro Credit, Satya Micro Capital and ESAF Small Finance Bank.



**Shri. RV Dilip Kumar - Nominee Director:** Shri, Dilip Kumar is the nominee Director of SIDBI Venture Capital Ltd (SVCL). He has been with SVCL since its inception in 1999 and was part of the core team which had set up SIDBI Ventures, SIDBI Trustee Company and NFSIT. He represents SVCL on the Boards of some portfolio companies, where he has played an active role in building up systems and processes. Prior to joining SVCL in 1999, Dilip was with SIDBI for nearly 8 years with experience in credit appraisal, accounts and audit functions. He is a Post Graduate in Commerce and Economics, AICWA, CS (Inter), PGDBA and CAIIB.



**Smt Philomina - Nominee Director:** Smt Philomina is a nominee of ESAF Swasraya Multi State Agro Co-operative Society Ltd and has field level experience in organizing and leading sangams.



### E. BOARD MEETINGS

Seven Board Meetings were held during the Financial Year ended on March 31st 2020. These meetings were held on 05th June 2020, 29th June 2020, 28th August 2020, 11th December 2020, 11th March 2021, 23rd March, 2021 and 29th March 2021.

### DIRECTORS' ATTENDANCE RECORD

Sl. No.	Name	Board meeting during Financial year 2020-21		Whether present at the previous AGM
		Entitled to attend	Attended	
1.	Mrs. Mereena Paul	7	7	Yes
2.	Mr. Vikraman Ampalakkat	7	7	Yes
3.	Mr. RV Dilip Kumar	7	7	Yes
4.	Mr. Saneesh Singh	7	7	Yes
5.	Mrs. Philomina	5	5	Yes

### F. BOARD COMMITTEES

As on 31st March 2021, the Company has Five regular Board Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee.

Minutes of the meetings of the Committees are approved by the Chairperson of the respective Committees and are noted and confirmed by the Board in its subsequent meeting.

#### 1. AUDIT COMMITTEE

##### a. Constitution of Audit Committee

The Audit Committee was constituted on 07.10.2008. The Committee comprises of the following Directors as Members:

Sl No.	Name	Designation
1	Mr. Vikraman Ampalakkat	Chairman
2	Mr. R V Dilip Kumar	Member
3	Mr. Saneesh Singh	Member

##### b. Meeting and Attendance

During the Financial Year under review, five meetings of the Audit Committee were held on 05th June 2020, 26th June 2020, 28th August 2020, 11th December, 2020 and 11th March 2021

The attendance details of Audit Committee members are as under.

Sl No.	Name	Number of meetings during the Financial year 2019-20	
		Entitled to attend	Attended
1.	Mr. Vikraman Ampalakkat	5	5
2.	Mr. R V Dilip Kumar	5	5
3.	Mr. Saneesh Singh	5	5

#### 2. NOMINATION & REMUNERATION COMMITTEE

##### a. Constitution of Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on 13.02.2009 (originally named as Human Resources and Nomination Committee was renamed as Nomination and Remuneration Committee at the Board Meeting held on 29.09.2014). The Committee currently has the following Members:

Sl. No	Name	Designation
1.	Mr. Vikraman Ampalakkat	Chairman
2.	Mr. Saneesh Singh	Member
3.	Mrs. Mereena Paul	Member

##### b. Attendance during the year

During the financial year one meeting of the Committee were conducted on 11th December, 2020.



Sl. No.	Name	Number of meetings during the Financial year 2020-21	
		Entitled to attend	Attended
1.	Mr. Vikraman Ampalakkat	1	1
2.	Mr. Saneesh Singh	1	1
3.	Mrs. Mereena Paul	1	1

### 3. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### a. Constitution of Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted on 29.09.2014 and currently has the following directors as the members of the Committee.

Sl.No	Name	Designation
1.	Mr. Vikraman Ampalakkat	Chairman
2.	Mrs. Mereena Paul	Member
3.	Mr. R V Dilip Kumar	Member

#### b. Attendance during the year

The Committee generally meet as and when required. During the year under review, no meetings were held. Mr. Vishakh, Company Secretary, acted as the Secretary of the Committees.

### 4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

#### a. Constitution of Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was formed on 30.06.2014 and has the following directors as members of the Committee.

Sl. No	Name	Designation
1.	Mrs. Mereena Paul	Chairperson
2.	Mr. Saneesh Singh	Member
3.	Mr. Vikraman Ampalakkat	Member

#### b. Attendance during the year

During the year under review, no meetings were held.

### 5. RISK MANAGEMENT COMMITTEE

#### a. Constitution of Risk Management Committee

The Board of Directors has constituted a Risk Management Committee on 31.03.2016 and the Committee currently has the following members:-

Sl. No	Name	Designation
1	Mr. RV Dilip Kumar	Chairperson
2	Mr. Vikraman Ampalakkat	Member
3	Mr. Saneesh Singh	Member

#### b. Meetings during the year

The Committee generally meet as and when required. During the year under review, no meetings were held.

### G. General Shareholder information

#### a. Date time and venue of 25th Annual General Meeting

The 25th Annual General Meeting of the Company will be held on Thursday, 30th September, 2021 at 02:30 PM IST through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM").

#### b. Financial Calendar

The financial Calendar of the Company is from 1st April to 31st March.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF INDUSTRY

The Indian economy has made a solid come back in 2021-22 showing 20.1% growth in the first quarter. Despite the slowdown in economy the past year, India is poised for stupendous growth in the forthcoming years. The FDI in India last year grown by 13% in spite of the shrinkage of economy due to Covid19 which shows the prospects of Indian economy in the years to come. When India is gearing for such an ambitious growth, we also envisage growth in our investments portfolio too. Our investee company Esaf Small Finance Bank's (ESFB) Initial Public Offer (IPO) is expected to take place this year. ESFB is scheduled to take off in a trajectory of growth in the years to come.

### OPPORTUNITIES AND THREATS

As the economy is showing signs of resurgence in the first two quarters of 2021-22, the investment opportunities are

pretty good in India. We hope that these opportunities can be capitalized by us in due course. India is much sought after investment destination globally. So there are fairly good opportunities for us in the years to come.

Although economy very buoyant for investments at present and heading for impressive growth, the threat of third wave of pandemic Covid19 is there. With the dedicated preventive measures by Governments and Non-Government organizations hope fully we will be able to overcome such threats.

### PERFORMANCE

The performance of the company was fairly stable in the past year. The standalone net profit of our company increased by 6% in the year 2020-21. With regard to the consolidated financial performance, as you can see in

the audited financial statements, the net profit went down due to higher provisions for bad debts in the associate company although the operational profit of the associate went up. In a year of unprecedented pandemic, the performance of the associate is reasonably fair and very much commendable.

### FUTURE

As a social enterprise we plan to make strategic investments in the years to come in alignment with our vision of providing equal opportunities and complete access to sustainable financial services to help the society in creating livelihood opportunities and economic development. We would like to have this investment having regard to the people, planet and profit, aiming for a just and fair society which will be creating positive impact on the poor and marginalized people of India.



## STANDALONE FINANCIALS

UDIN:21023082AAAAQD6824

### INDEPENDENT AUDITOR'S REPORT

To the Members of "M/s. ESAF Financial Holdings Private Limited" (Formerly known as per ESAF Microfinance and Investments Private Limited)

### Report on the Audit of the Standalone Financial Statements

#### OPINION

We have audited the accompanying Standalone financial statements of "M/s. **ESAF Financial Holdings Private Limited**" (Formerly known as per **ESAF Microfinance and Investments Private Limited**) ("the Company") which comprises the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the Profit and Total Comprehensive Income, Changes in Equity, and its cash flows for the year ended on that date.

#### BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 opinion.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the Ind AS and other 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 RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of



section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable as Annexure A to this report.

As required by Section 143(3) of the Act, we report that:

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.

- a. 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.
- b. The Company does not have the any branches Audited by any other auditor.
- c. The Balance Sheet, the Statement of Profit and Loss,

and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in

“Annexure B”.

- 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 does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For A. John Moris & Co.,**

Chartered Accountants, Firm Registration No.: 007220 S

Sd/-

**CA G Kumar**

Senior Partner

Membership No.: 023082

Place: Chennai  
 Date: 26-06-2021

## **ANNEXURE-‘A’ TO THE AUDITORS’ REPORT**

### **REPORT OF THE AUDITOR TO THE MEMBERS IN ACCORDANCE WITH THE COMPANIES (AUDITORS’ REPORT) ORDER 2016**

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

reasonable looking to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- (b) As explained to us, fixed assets are physically verified by the management at reasonable intervals, which, in our opinion, is
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not hold any title deeds of immovable properties.
2. The Company being a Non-Banking Finance Company it does not hold any inventory; hence this clause is not applicable.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, it was observed that



- the Company has granted loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii(a) relating to receipt of principal amount and interest, and iii(b) relating to overdue amount, of the order are not applicable to the Company.
4. to the information and explanations given to us and on the basis of our examination of the books of account, it was observed that the Company has neither granted any loans to the Directors nor any investments were made by the Company. Hence, the provisions of section 185 and 186 of the Companies Act, 2013 are not applicable.
  5. During the year, the Company has not accepted any deposits from nonmembers. As such the compliance with the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Companies Act, 2013 and rules framed there under are not applicable.
  6. As per information & explanation given by the management, maintenance of cost records has not been prescribed by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for any of the activities of the Company.
  7. (a) According to the records, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Investor Education and Protection Funds, Provident Funds, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other applicable statutory dues during the year.
    - (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax and service tax, Goods and Service tax, which have not been deposited on account of any disputes.
  8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debentureholders.
  9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans were obtained by the Company was applied for the purpose it was raised for.
  10. Based on the audit procedures performed and the information and explanations given to us, there have been no frauds reported during the period under review. However, the company was following up cases involved in frauds which took place in the earlier years and the progress is being monitored closely.
  11. According to the information and explanations given to us and based on our examination of the records of the Company, matters relating to limits on managerial remuneration are not applicable, since the Company is a private limited company and is exempted from the provisions of section 197.
  12. The Company is not a chit fund or a Nidhi /mutual benefit fund/society. Accordingly, this paragraph of the Order is not applicable.
  13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by applicable accounting standards.
  14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment of shares as such the requirement of section 42 of the Companies Act, 2013 have been complied with.
  15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with any of its directors as is mentioned in Section 192 of the Act.
  16. The company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly it has been registered bearing certificate of registration number as B-07-00652.

**For A. John Moris & Co.,**

Chartered Accountants, Firm Registration No.: 007220 S

Sd/-

**CA G Kumar**

Senior Partner

Membership No.: 023082

Place: Chennai

Date: 26-06-2021



## ANNEXURE –‘B’ TO THE AUDITORS’ REPORT

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting “M/s. ESAF Financial Holdings Private Limited” “(Formerly known as per ESAF Microfinance and Investments Private Limited)” (“the Company”) as of 31st March 2021 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 the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable

to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that,

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

#### OPINION:

In our opinion, the Company have an adequate internal financial controls system over financial reporting and internal financial controls over financial reporting as at 31st March 2021, as required under the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For A. John Moris & Co.,**

Chartered Accountants, Firm Registration No.: 007220 S

Sd/-

**CA G Kumar**

Senior Partner, Membership No.: 023082

Place: Chennai

Date: 26-06-2021



**ESAF Financial Holdings Private Limited**  
 (Formerly known as Esaf Microfinance and Investments Private Limited) CIN :U65910TN1996PTC036650  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2021**

Particulars	Note	As at Mar 31, 2021	As at Mar 31, 2020
		Amounts (INR)	Amounts (INR)
<b>ASSETS</b>			
<b>Financial Assets</b>			
(a) Cash and Cash Equivalents	1	9,006,606	25,134,807
(b) Bank Balances other than (a) above	2	352,606,179	352,606,179
(c) Other Receivables	3	10,912,797	10,953,017
(d) Investments	4	2,839,000,000	2,839,000,000
		<b>3,211,525,582</b>	<b>3,227,694,003</b>
<b>Non Financial Assets</b>			
(a) Deferred Tax Assets(Net)		3,448,242	2,649,250
(b) Property, Plant and Equipment	6	159,659,080	160,445,110
(c) Income tax Assets (net)		-	-
(d) Other non-financial assets	5	14,686,465	17,340,485
		<b>177,793,787</b>	<b>180,434,845</b>
<b>Total Assets</b>		<b>3,389,319,369</b>	<b>3,408,128,848</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>1) Financial liabilities</b>			
(i) Trade Payables	7	-	-
(i) Total outstanding dues of micro enterprises and small enterprises			
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		6,141,246	7,394,282
(d) Borrowings	8	90,447,710	72,100,000
(e) Deposits			
(f) Subordinated Liabilities	9	-	2,800,000
(g) Other Financial liabilities	10	619,634	11,265,447
<b>2) Non Financial Liabilities</b>			
(a) Current tax liabilities	11	6,082,967	5,209,548
(b) Deferred tax liabilities (net)		-	-
(c) Provisions	12	43,180,382	49,617,549
(d) Other Non- Financial Liabilities	13	3,384,507	6,503,182
<b>3) Equity</b>			
(a) Equity Share capital	14	1,718,095,960	1,785,201,630
(b) Other Equity	15	1,521,366,961	1,468,037,210
<b>Total Liabilities and Equity</b>		<b>3,389,319,367</b>	<b>3,408,128,848</b>

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

**A. JOHN MORIS & CO.,**  
 Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-  
**(G. KUMAR)**  
 Partner, M.No.023082

Place: Thrissur  
 Date : 26.06.2021

For and on behalf of the Board of Directors

Sd/-  
**Mareena Paul**  
 Chairperson & Managing  
 Director, DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
 Chief Financial Officer

Sd/-  
**Vikraman  
 Ampalakkat**  
 Director, DIN:01978341

Sd/-  
**Vishakh**  
 Company Secretary



**ESAF Financial Holdings Private Limited**

 (Formerly Known As Esaf Microfinance And Investments Private Limited) CIN :U65910TN1996PTC036650  
**Statement Of Standalone Profit And Loss For The Period Ended March 31, 2021**

Particulars	Note	2020-21	2019-20
		Amounts (Inr)	Amounts (Inr)
Other Income	16	53,249,926	54,411,701
Total Income		53,249,926	54,411,701
Expenses:			
(I) Finance Costs	17	14,198,670	8,950,065
(Vi) Employee Benefit Expense	18	13,170,655	15,006,517
(Vii) Depreciation And Amortisation	6	1,291,863	1,782,879
(Viii) Other Expenses	19	3,018,351	6,740,866
Total Expense		31,679,539	32,480,326
Profit Before Prior Period, Exceptional Items And Tax		21,570,387	21,931,375
Prior Period Item		-	-
Profit Before Tax		21,570,387	21,931,375
Tax Expense			
Current Tax		-	-
Deferred Tax Expenses		5,411,137	6,282,279
		-798,992	-336,751
		4,612,145	5,945,528
Profit Or Loss For The Period From Continuing Operations			
Profit Or Loss For The Period From Discontinued Operations		16,958,242	15,985,847
Tax Expense Of Discontinued Operations		-	-
Profit Or Loss For The Period From Continuing Operations After Tax		-	-
Profit Or Loss For The Period		16,958,242	15,985,847
Other Comprehensive Income		-	-
(A) (I) Items That Will Not Be Reclassified To Profit Or Loss			
(ii) Income Tax Relating To Items That Will Not Be Reclassified To Profit Or Loss			
Subtotal (A)			
(B) (I) Items That Will Be Reclassified To Profit Or Loss			
(ii) Income Tax Relating To Items That Will Be Reclassified To Profit Or Loss			
Subtotal (B)			
Other Comprehensive Income			
Total Comprehensive Income For The Period		16,958,242	15,985,847
Earnings Per Equity Share			
Basic		-0.09	-0.15
Diluted		-0.08	-0.13

Significant accounting policies

Other notes on accounts

Notes referred to above form an integral part of Profit &amp; Loss Account

As per our report of even date attached.

**A. JOHN MORIS & CO.,**

Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-

**(G. KUMAR)**

Partner, M.No.023082

For and on behalf of the Board of Directors

Sd/-

**Mareena Paul**

 Chairperson & Managing  
 Director, DIN:02228087

Sd/-

**Vikraman**
**Ampalakkat**  
 Director, DIN:01978341

Sd/-

**Sunil G Nampoothri**

Chief Financial Officer

Sd/-

**Vishakh**

Company Secretary

Place: Thrissur

Date : 26.06.2021



**ESAF Financial Holdings Private Limited**  
 (Formerly known as Esaf Microfinance and Investments Private Limited)  
**Standalone Cash Flow Statement for the Year Ended 31st March,2021**

Particulars	2020-21	2019 - 20
	INR	INR
<b>A. Cash flow from operating activities</b>		
Net profit after tax	16,958,242	21,931,375
Adjustments for:		
Depreciation and amortisation	1,291,863	1,782,879
Profit on Sale of Fixed Assets and investments	-	-360,000
Finance Costs	14,198,670	8,950,065
Interest Income	-52,127,728	-52,342,786
Provisions/Liabilities no longer required written back	-126,671	-
Provision for Income tax	4,612,145	-
Prior Period	-30,636.16	-
Operating profit before working capital changes	-15,224,116	-20,038,467
Adjustments for (increase) / decrease in operating assets:		
Loans and advances	40,221	927,699
Other Assets	2,654,020	-4,283,050
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	-1,253,036	464,256
Other Liabilities	-14,174,472	3,325,231
Provisions	-58,908	-1,332,377
Cash generated from/(used in) operations	-28,016,290	-20,936,708
Direct taxes paid	-4,537,718	-7,997,874
Net cash from operating activities	-32,554,008	-28,934,582
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	-65,212	-59,000
Sale of fixed assets	-	-
Bank balances not considered as Cash and cash equivalents (Net)	-	-
(Purchase)/sale of current investments	-	1,360,000
Interest received	52,127,728	52,342,786
Gain on buyback by subsidiary	-	-
Net cash used in/(generated from) investing activities	52,062,516	53,643,786
<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment) of borrowings	18,347,710	36,061,973
Interest paid	-14,198,670	-8,950,065
Dividend and Dividend Tax Paid	-36,985,749	-37,051,657
Redemption of non convertible debentures	-2,800,000	-
Net cash from financing activities	-35,636,709	-9,939,749
Net increase in cash and cash equivalents	-16,128,201	14,769,455
Opening Cash and cash equivalents	25,134,807	10,365,352
Closing Cash and cash equivalents	9,006,606	25,134,807

As per our report of even date attached.

**A. JOHN MORIS & CO.,**  
 Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-  
**(G. KUMAR)**  
 Partner, M.No.023082

Place: Thrissur  
 Date : 26.06.2021

For and on behalf of the Board of Directors

Sd/-  
**Mareena Paul**  
 Chairperson & Managing  
 Director, DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
 Chief Financial Officer

Sd/-  
**Vikraman  
 Ampalakkat**  
 Director, DIN:01978341

Sd/-  
**Vishakh**  
 Company Secretary



<b>ESAF Financial Holdings Private Limited</b>			
(Formerly known as Esaf Microfinance and Investments Private Limited)			
Notes accompanying the Financial Statements for the year ended March 31, 2021			
1	Cash & Cash Equivalent	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Cash on hand	11,520	2,209
	Balances with Bank		
	- In current accounts		
	Domestic	8,995,086	25,132,598
		9,006,606	25,134,807
2	Other bank balance	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Other Bank Balance		
	- in deposit accounts	352,606,179	352,606,179
	- Fixed Deposit with bank with more than 3 months but less than 12 months maturity Earmarked balances with banks-unclaimed dividend		
	Bank balances held security against borrowings, guarantees and other commitments		
	Cash and bank balance not available for immediate use		-
		352,606,179	352,606,179
3	Other receivables	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties		-
	Others	2,800,201	2,859,109
	(b) Loans and advances to related parties		-
	(c) Other receivables	8,112,596	8,093,909
		10,912,797	10,953,018
4	Investments	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Investments in subsidiary :-		
	280,758,396# (1 April, 2018: 280,758,396) Equity Shares of ` 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	2,839,000,000	2,839,000,000
		2,839,000,000	2,839,000,000
5	Other Non Financial Assets	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2021 Amounts (INR)
	(a) Prepaid expenses	59,091	61,276
	(b) Balances with Government authorities	6,614,550	6,484,821
	(c) Compensated Leave Salary Assets	4,420,630	4,150,194
	(d) Deposits	2,647,770	2,647,770
	(e) Insurance claims receivable	408,612	408,612
	(f) Other Current Assets	535,812	3,587,812
		14,686,465	17,340,485



**ESAF Financial Holdings Private Limited**  
(Formerly known as Esaf Microfinance and Investments Private Limited)  
Notes forming part of standalone financial statements

**NOTE 6: PROPERTY PLANT AND EQUIPMENT**

Particulars	Gross Block					Accumulated Depreciation			Net Block	
	Balance as at 1 April, 2020	Additions	Disposals	Balance as at 31 March, 2021	Balance as at 1 April, 2020	Depreciation for the year	Deletions	Balance as at 31 March, 2021	Balance as at 31 March, 2021	Balance as at 31 March, 2020
A. Tangible Assets										
Land	146,441,580	-	-	146,441,580	-	-	-	146,441,580	146,441,580	146,441,580
Buildings	13,643,574	-	-	13,643,574	2,066,601	209,588	-	11,367,385	11,576,973	11,576,973
	(13,643,574)	-	-	(13,643,574)	(1,860,981)	(205,620)	-	(11,576,973)	(11,992,096)	(11,992,096)
Leasehold Buildings	2,200,405	440,620	-	2,641,025	759,325	793,481	-	1,088,219	1,441,079	1,441,079
	(2,110,082)	(1,445,160)	(1,354,838)	(2,200,404)	(1,493,938)	(620,224)	(1,354,837)	(1,441,079)	(1,218,806)	(1,218,806)
Furniture and Fittings	62,755	-	-	62,755	14,663	5,958	-	42,134	48,092	48,092
	(62,755)	-	-	(62,755)	(8,750)	(5,913)	-	(48,092)	(27,931)	(27,931)
Vehicles	5,595,148	-	-	5,595,148	4,710,898	244,816	-	639,434	884,250	884,250
	(5,595,148)	-	-	(5,595,148)	(3,878,461)	(832,437)	-	(884,250)	(5,027,132)	(5,027,132)
Computer and Accessories	416,080	65,212	-	481,292	362,944	38,020	-	80,328	53,136	53,136
	(357,080)	(59,000)	-	(416,080)	(244,259)	(118,685)	-	(53,136)	(203,006)	(203,006)
Total	168,359,542	505,832	-	168,865,374	7,914,431	1,291,863	-	159,659,080	160,445,110	160,445,110
	(168,210,219)	(1,504,160)	(1,354,838)	(168,359,541)	(7,486,389)	(1,782,879)	(1,354,837)	(160,445,110)	(164,910,551)	(164,910,551)

**Note:**

- 1) Figures in brackets relate to previous year.
- 2) All tangible are owned by the company and are not on lease.



<b>ESAF Financial Holdings Private Limited</b>			
(Formerly known as Esaf Microfinance and Investments Private Limited)			
Notes accompanying the Financial Statements for the year ended March 31, 2021			
7	Trade Payable	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,141,246	7,394,282
	<b>Total</b>	<b>6,141,246</b>	<b>7,394,282</b>
8	Borrowings	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Secured Loans		
	Term Loan from Banks	90,447,710	72,100,000
	<b>Total</b>	<b>90,447,710</b>	<b>72,100,000</b>
9	Subordinated Liabilities	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Non Convertible Debentures	-	2,800,000
	<b>Total</b>	<b>-</b>	<b>2,800,000</b>
10	Other Financial Liabilities	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	(a) Current maturities of Non Convertible Debentures	-	-
	(b) Current maturities of vehicle loan	-	1,034,831
	(c) Interest accrued but not due on borrowings	-	9,030,575
	(d) Matured Non Convertible Debentures and Interest accrued thereon	619,634	1,200,041
	<b>Total</b>	<b>619,634</b>	<b>11,265,447</b>
11	Tax Liabilities	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Current Tax liabilities	6,082,967	5,209,548
	<b>Total</b>	<b>6,082,967</b>	<b>5,209,548</b>
12	Provisions	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	(i) Provision for compensated absences	609,000	609,000
	(ii) Provision for proposed preference dividend	30,734,160	30,734,160
	(iii) Provision for tax on proposed dividend	-	6,378,260
	(iv) Loans and advances to employees	2,800,201	2,859,109
	(v) Other provisions	9,037,020	9,037,020
	<b>Total</b>	<b>43,180,381</b>	<b>49,617,549</b>
13	Other Non- Financial Liabilities	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	(a) Other payables		
	(i) Statutory remittances	1,096,449	1,111,799
	(ii) PFRDA collections	-	-
	(iii) Payable to ESAF Employees Gratuity Trust	362,000	3,414,000
	(iv) Lease Liability	1,244,560	1,533,452
	(iv) Others	681,497	443,931
	<b>Total</b>	<b>3,384,506</b>	<b>6,503,182</b>



**ESAF Financial Holdings Private Limited**

 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Financial Statements for the year ended March 31, 2021

14

**I) Equity Share Capital**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	INR	No. of shares	INR
Authorised :				
Equity shares of ₹ 10/- each with voting rights	190,000,000	1,900,000,000	190,000,000	1,900,000,000
Preference shares of ₹100/- each	6,000,000	600,000,000	6,000,000	600,000,000
Issued, paid up and subscribed				
Equity shares of ₹10/- each with voting rights	153,761,096	1,537,610,960	140,339,963	1,403,399,630
Compulsorily Convertible Preference shares				
(CCPS) of ₹100/- each	1,804,850	180,485,000	3,818,020	381,802,000
	155,565,946	1,718,095,960	144,157,983	1,785,201,630

**II) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	INR	No. of shares	INR
At the beginning of the year	144,157,983	1,785,201,630	144,157,983	1,785,201,630
Issued during the year as fully paid up on conversion	13,421,133	134,211,330		
Conversion of CCPS into Equity Shares	-2,013,170	-201,317,000		
At the end of the year	155,565,946	1,718,095,960	144,157,983	1,785,201,630

**III) Terms/rights attached to equity shares**

A. Equity Shares with voting rights  
 The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each holder of the Equity Shares is entitled to one vote per share.

During the year ended 31 March 2021 the amount of per share dividend recognised in distribution to equity share holders is ₹ Nil (Previous year ₹ Nil)

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 shareholders.

**B. CCPS**

(i) The company has converted 95,000 CCPS of ₹ 100/- each attracting dividend at 10% in to 6,33,333 equity shares at conversion price of ₹15/- and

19,18,170 CCPS of ₹ 100/- each attracting dividend at 8% into 1,27,87,800 equity shares at conversion price of ₹ 15/- each.

(ii) The company vide in its board resolution dated 29.3.2021 has changed the terms of balance 1,84,850 CCPS of ₹100/- each attracting 8% dividend this will be compulsory convertible into equity share @ ₹ 15 per share on or before 10 years from closing date i.e. 31 March, 2014.

**IV) Shareholders holding more than 5% of equity shares as at the end of the year:**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	% of Shares	No. of shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	97,616,607	63.49%	87,533,174	62.37%
Dia Vikas Capital Private Limited	30,730,000	19.99%	28,025,633	19.97%
SIDBI Trustee Company Ltd	17,176,230	11.17%	17,176,230	12.24%
	145,522,837	94.64%	132,735,037	94.58%



**ESAF Financial Holdings Private Limited**

 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Financial Statements for the year ended March 31, 2021

**V) Shareholders holding more than 5% of Compulsarily convertible preference shares as at the end of the year:**

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	% of Shares	No. of shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	-	0.00%	1,512,515	39.62%
Dia Vikas Capital Private Limited	1,804,850	100.00%	2,210,505	57.90%
	1,804,850	100.00%	3,723,020	97.52%

**During the year the Company has converted 20,13,170 CCPS into Equity Shares. (Previous Year- Nil)**

15	Other Equity	As at Mar 31, 2021 Amounts (INR)	As at Mar 31, 2020 Amounts (INR)
	Other Reserves		
	General reserve		
	As per last balance sheet	255,484,338	252,287,169
	Add : transferred from statement of profit and loss	3,391,648	3,197,169
		<b>258,875,986</b>	<b>255,484,338</b>
	<b>Security premium reserve</b>		
	Opening balance	569,283,215	569,283,215
	Addition during the year	67,105,670	
		<b>636,388,885</b>	<b>569,283,215</b>
	<b>Retained Earnings</b>		
	Profit and loss account		
	Opening balance	643,269,658	667,593,401
	Add: transfer due to amalgamation		
	Add: Profit for the year	16,958,242	15,985,847
	Add: Addition due to adoption of IND-AS	-	-
	Less: Transferred to Other Reserve	3,391,648	3,197,169
		<b>656,836,252</b>	<b>680,382,079</b>
	Less: Appropriation		
	(a) General Reserve		
	(b) Preference Dividend	30,734,160	30,734,160
	(c) Tax on dividend	-	6,378,260
		<b>30,734,160</b>	<b>37,112,420</b>
	Balance to be carried forward	<b>1,521,366,963</b>	<b>1,468,037,212</b>

**Note 15.1 Statutory Reserve**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of ` 33,91,660 /- (Previous year ` 31,97,169/-), out of profit after tax for the year to the statutory reserve.

**Note 15.2 Retained Earnings**

The amount that can be distributed by the Company as dividends to its Equity Share holders is determined based on the amounts reported above are not distributable in entirety. Retained earnings is a free reserve, retained from company's profits to meet future obligations.



**ESAF Financial Holdings Private Limited**

 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Financial Statements for the year ended March 31, 2021

16	Other Income	2020-21 INR	2019-20 INR
	Interest Income on Advance given	-	120,000
	Interest income on Fixed Deposits	52,127,728	52,342,786
	Profit on Sale of Fixed Assets	-	360,000
	Provisions/Liabilities no longer required written back	126,671	1,332,377
	Miscellaneous Income	328,252	256,538
	Rent received	667,275	-
		53,249,926	54,411,701
17	Finance Cost	2020-21 INR	2019-20 INR
	(a) Interest expense on:		
	(i) Borrowings from Banks	13,905,541	8,350,556
	(ii) Debentures	61,370	449,226
	(iii) Interest on Lease payment	231,759	150,283
	Total	14,198,670	8,950,065
18	Employee Benefit Expense	2020-21 INR	2019-20 INR
	Salaries, Wages and Bonus	12,642,877	14,349,032
	Contributions to provident and other funds	490,718	493,963
	Staff welfare expenses	37,060	163,522
		13,170,655	15,006,517
19	Other expenses	2020-21 INR	2019-20 INR
	Electricity and Water Charges	65,217	89,138
	Rent	1,763	77,814
	Vehicle Maintenance	132,174	200,520
	Office Maintenance & Meeting expenses	51,400	27,000
	Bank Charges	8,834	67,671
	Rates and Taxes	34,279	36,117
	Telephone and Internet expenses	38,783	61,203
	Travelling and conveyance	4,350	420,429
	Printing and stationery	106,197	44,044
	Legal and professional	1,068,060	2,354,339
	Payments to auditors	500,000	500,000
	Directors Sitting Fee	520,000	640,000
	Other Expenses	487,294	2,222,591
		3,018,351	6,740,866



## ESAF Financial Holdings Private Limited

(Formerly known as Esaf Microfinance and Investments Private Limited)  
Notes accompanying the Financial Statements for the year ended March 31, 2021

### A1 Corporate Information

ESAF Financial Holdings Private Limited (Formerly Known as ESAF Microfinance and Investments Private Limited) ("the Company) is a private limited company domiciled in India and Incorporated under the provisions of Companies Act, 1956. The company was registered as a Non - Deposit accepting Non Banking Financial Company (NBFC-ND) with the Reserve Bank of India ('RBI') vide Certificate of Registration number B.07.00652 dated 22 August, 2007 and has got classified as a Non Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from 7 January 2014, registered as Core Investment Company. The Company was primarily engaged in providing Microfinance services to the weaker sections of society, and mainly women who are organized in Joint Liability Groups. On 18th November, 2016, the company received approval from Reserve Bank of India ('RBI') to set up a Small Finance Bank, pursuant to the same, the company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary ESAF Small Finance Bank Limited ('The Bank'). The Bank Commenced operations w.e.f 10 March, 2017, on which date the company ceased to operate as a Microfinance Company. Based on the Licensing guidelines of RBI applicable to the Bank and pursuant to above changes, the company has submitted an application for registration as Core Investment Company ('CIC') on 18th March, 2019. The Company surrendered its NBFC-MFI license and received the approval of the Reserve Bank of India ('RBI') on 26th February 2020.

### A2 Significant Accounting Policies

#### a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards Amendment) Rules, 2016 and Companies (Indian Accounting Standards Amendment) Rules 2017. This is the first IndAS compliant financial statements. Refer note 20 "First - time adoption of Ind AS' for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the company's financial statements.

Amount in financial statements are presented in Indian INR as permitted by schedule III to the companies Act, 2013

#### b. Presentation of financial statements

The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.



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#### c. Property, plant and equipment

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Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

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#### d. Intangible assets

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Computer softwares are stated at cost less accumulated depreciation, amortisation and impairment.

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#### e. Depreciation

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##### i) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on addition and disposal are calculated on pro-rata basis from and to the month of additions and disposal.

Sl No.	Particulrs	Useful Life
1	Computer and IT Peripherals	Upto 3 years
2	Plant and Machinery	Upto 10 years
3	Office Equipment	Upto 10 years
4	Furniture and Fixtures	Upto 10 years

##### ii) Intangible assets

the estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition and other economic factor and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

Sl No.	Particulrs	Useful Life
1	Computer Software	Upto 3 years

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#### f. Functional and presentation currency

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The functional and presentation currency of the company is the Indian Rupee as it is the currency of primary economic environment in which the company operates.

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#### h. Impairment of Assets

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As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any. An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.



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#### i. Income Tax

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##### Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

##### Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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#### j. Leases

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##### Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. The company after assessing the impacts of "INDAS 116 - Leases" have concluded that all the lease agreement fall under long term lease agreements & hence it has been capitalised in the financial statements as per the guidelines and provisions of IND-AS 116.

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#### k. Financial Instruments

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

##### i) Financial assets

##### Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

##### Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.



## ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

### Subsequent measurement

Fair value through profit or loss (FVTPL): Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

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## l Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks.

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## m Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized: Revenue from contracts priced on time and material basis is recognised when services are rendered and related costs are incurred.

Effective April 1, 2019, the Company has adopted Ind AS 115 "Revenue from Contracts with Customers". The adoption of the standard does not have any material impact on the financial results of the Company for the year ended March 31, 2020.

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## n Other Income

- I) Interest income is accrued at applicable interest rate.
- II) Other items of income are accounted as and when the right to receive arises.

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## o Employee benefits

### i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

### ii) Post Employment Benefits

#### Defined contribution plan

The company's state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service.

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## p Provisions, contingent liabilities and contingent assets

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Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I) the Company has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

- I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or
- II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

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q Segment accounting

The Company have only one segment and segment reporting is not applicable.

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r Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").



### ESAF Financial Holdings Private Limited

(Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Financial Statements for the year ended March 31, 2021

#### A3 Dues to micro enterprises and small enterprises

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier and vendors of the company. Based on the information available with the Company, as at the year end, no vendors are classified as MSMED.

#### A4 Disclosure of Related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

##### a) List of related parties

Details of related parties: Description of relationship	Names of related parties
Entities having significant influence	Dia Vikas Capital Private Limited
	ESAF Swasraya Multistate Agro Co-operative Society
	SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Key Management Personnel (KMP)	Mrs. Mereena Paul
Relatives of KMP	Mr. K. Paul Thomas , spouse of Mrs Mereena Paul
	Mr. Alok Thomas Paul, son Mrs. Emy Acha Paul,
Entities in which KMP can exercise significant influence	CEDAR Retail Private Limited
	Evangelical Social Action Forum
	Lahanti Business Service Private Limited ESAF Swasraya Multistate Agro Co-operative Society
Associate Company	ESAF Small Finance Bank Limited

Note: Related parties have been identified by the Management and relied upon by the auditors

#### Transactions during the year :

S.No	Particulars	Related Party	2020-21 INR	2019-20 INR
1	Loans availed against Fixed	Esaf Small Finance Bank	19,000,000	37,100,000
2	Interest Paid	Esaf Small Finance Bank	13,870,506	8,202,082
3	Remuneration to KMP	Mrs. Mereena Paul	8,398,031	9,556,559
4	Repayment of Loan by KMP	Mrs. Mereena Paul	-	566,635
5	Interest received on loans to	Mrs. Mereena Paul	-	120,000
6	Rent received	Esaf Small Finance Bank	-	28,687
7	Interest Income on FD	Esaf Small Finance Bank	52,127,728	61,048,662
8	Rent paid	Mrs. Mereena Paul	271,360	201,600
9	Transactions in Current Account (net)	ESAF Small Finance Bank limited	-12,595,622	-12,927,624



## b) Amount due to and due from related parties (net):

S.No	Particulars	Related Party	Amounts due	Amounts due
			(to) / from	(to) / from
			March 31, 2021	March 31, 2020
1	Loan against FD	ESAF Small Finance Bank	90,447,710	72,100,000
		Mrs. Mereena Paul	1,241,620	2,613,620
2	Other Current Liabilities	Evangelical Social Action	1,431,200	1,431,200
		ESAF Swasraya Multistate	-	504,000
3	Rent Deposit	Mrs. Mereena Paul	50,000	50,000
4	Security Deposit	SIDBI Trustee Company	1,250,000	1,250,000
5	Interest Payable	ESAF Small Finance Bank	13,870,506	8,202,082
6	Rent Receivable	ESAF Small Finance Bank		1,313
7	Investments in Equity shares	ESAF Small Finance Bank	2,839,000,000	2,839,000,000
8	Balance with Bank Accounts	ESAF Small Finance Bank	357,089,188	369,684,810

## c) Terms and conditions of transactions with related parties:

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil,). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## d) No amount of due from related parties has been written off during the year (Previous year ` Nil). No amount due to related parties has been written back during the year (Previous year ` nil). For the year ended March 31, 2021, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2020 : ` Nil,). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

**A5 Deferred Tax Asset/Liability**

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

## Major components of Deferred tax liabilities and assets

Particulars	As at 31 March, 2021	As at 31 March, 2020
	₹	₹
Tax effect of items constituting		
On difference between book	212,225	-101,877
balance and tax balance of		
fixed assets		
Tax effect of items constituting		
Provision for compensated	158,340	133,980
absences		
Provision for Fraud Cased and	3,077,677	2,617,148
other Advances		
Deferred tax assets	3,448,242	2,649,251



**ESAF Financial Holdings Private Limited**  
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 Notes accompanying the Financial Statements for the year ended March 31, 2021

A6 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2020-21 INR	2019-20 INR
Earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	-13,775,918	-21,126,573
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	153,761,096	140,339,963
Basic earnings per equity share (₹) Diluted earnings per equity share:	A / B	-0.09	-0.15
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	-13,775,918	-21,126,573
Add : Interest on convertibles (net of tax)	B		-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	-13,775,918	-21,126,573
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	153,761,096	140,339,963
Add : Shares deemed to be issued for no consideration in respect of :	E	12,032,333	25,453,467
Compulsorily convertible preference share capital Compulsorily convertible debentures	F	12,032,333	25,453,467
Weighted average number of equity shares outstanding for	G	-	-
calculating diluted earnings per share	H = D + E	165,793,429	165,793,430
Diluted earnings per equity share (₹)		-0.08	-0.13
Face value per equity share (₹)		10	10



**ESAF Financial Holdings Private Limited**

 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Financial Statements for the year ended March 31, 2021

**A7 Financial Instruments**

## Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2021			31.03.2020		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Trade receivables	3	-	-	10,912,797	-	-	10,953,018
Cash and cash equivalents	1	-	-	9,006,606	-	-	25,134,807
Other Bank Balances	2	-	-	352,606,179	-	-	352,606,179
<b>Total Financial Asset</b>		-	-	<b>372,525,582</b>	-	-	<b>388,694,004</b>
<b>Financial liability</b>							
Loans from Financial institutions	8	-	-	90,447,710	-	-	72,100,000
Trade Payables	7	-	-	6,141,246	-	-	7,394,282
Subordinated Debts	9	-	-	-	-	-	2,800,000
Other Financial Liabilities	10	-	-	619,634	-	-	11,265,447
<b>Total Financial Liabilities</b>		-	-	<b>97,208,590</b>	-	-	<b>93,559,729</b>



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**

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 Notes accompanying the Financial Statements for the year ended March 31, 2021

**A8 Disclosure pursuant to Ind AS 12 - "Income taxes"**

The major components of income tax expense for years ended 31 March 2021 and 31 March 2020 are :

Particulars	As at 31-Mar- 2021	As at 31-Mar- 2020
Current income Tax :		
Current income tax charge	5,411,137	6,282,279
Adjustments of current tax of previous year		-
Deferred Tax		
Relating to origination and reversal of temporary differences	-798,992	-336,751
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	4,612,145	5,945,528
Current Tax and Deferred Tax - Equity ( Mention details of items directly charged to equity)		-

**A9 Events occurring after the reporting period**

The financial statements were approved by the Board of Directors on 26th June, 2021 and there are no significant events occurring after Balance sheet date.

**A10 Investor Education and Protection Fund**

The Company is not required to transfer any amount to Investor Education and Protection Fund.



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**

 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes forming part of standalone financial statements

## Note 23 Disclosures under Accounting Standards

## Employee Benefit Plans

## a) 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 recognised Rs. 4,89,998 /- (Year ended 31 March, 2020 Rs.4,89,283 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2020 Rs.NIL/-) 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.

## b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

## Components of employer's expense

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Current Service Cost	121	108
Interest cost	188	211
Expected return on plan assets	-560	-573
Actuarial Loss/(Gain)	-136	41
Past Service Cost	1,185	2,576
Employer expense /(Income)	798	2,363

## Actual contribution and benefit payments for the year

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Actual benefit payments	-435	-39
Actual contributions	-	3,052

## Net (asset) / liability recognised in the Balance Sheet

Particulars	Year ended 31 Mar-21	Year ended 31 Mar-20
Present value of defined benefit obligation	3,241	3,414
Fair Value of plan assets	10,625	10,411
Funded status [Surplus / (Deficit)]	7,384	6,997
Net liability/(asset) recognised in the Balance Sheet	-7,384	-6,997



## Change in defined benefit obligations (DBO) during the year

Particulars	Year ended 31 Mar-21	Year ended 31 Mar-20
Present Value of DBO at beginning of the year	3,414	3,052
Current Service Cost	121	108
Interest Cost	188	211
Benefits Paid	-435	-39
Actuarial Loss/(Gain)	-47	82
Past Service Cost	-	-
Present Value of DBO at end of the year	3,241	3,414

## Note 23 Disclosures under Accounting Standards

## Change in fair value of assets during the year

(₹ in Thousands)

Particulars	Year ended 31 Mar-21	Year ended 31 Mar-20
Fair Value of plan assets at beginning of the year	10,411	6,784
Contributions by employer	-	3,052
Benefits paid	-435	-39
Expected return on plan assets	560	573
Actuarial Gain/(Loss)	89	41
Transfer in/(out) *	-	-
Fair Value of plan assets at end of the year	10,625	10,411
Actual return on plan assets	649	614
Expected employer contribution for the coming period	-	-

Composition of plan assets is as follows:

Particulars	Year ended 31 Mar-21	Year ended 31 Mar-20
Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	97%	100%
Insurer managed funds* (Unit -Linked)	3%	0%

\* In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

## Actuarial Assumptions - Gratuity

Particulars	Year ended 31 Mar-21	Year ended 31 Mar-20
Discount Rate	5%	5.50%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	5.50%	6.90%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees		3 years



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. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

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.

#### Note 23 Disclosures under Accounting Standards

##### Experience Adjustments

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Present value of DBO	3,241	3,414	3,052	3,530	3,696
Fair value of plan assets	10,625	10,411	6,784	24,860	42,315
Funded status [Surplus/(Deficit)]	7,384	6,997	3,732	21,330	38,619
Experience adjustment on plan liabilities: (Gain)/Loss	-95	-70	-640	1,106	-125
Experience adjustment on plan assets: Gain/(Loss)	-54	41	68	356	784

##### Actuarial Assumptions - Long Term Compensated absences

Particulars	For the Year ended 31 March 2021	For the Year ended 31 March 2020
Discount rate	5.00%	5.50%
Expected return on plan assets	5.50%	6.90%
Salary escalation rate	10%	10%
Mortality rate	IALM2012-14	IALM2012-14
Attrition rate	(Ult.) 5%	(Ult.) 5%

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.

The above information is as certified by the actuary and relied upon by the auditors.

##### Segment Reporting:-

The Company does not have any business segments as at 31 March 2021 and 31 March 2020. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segmental Reporting".



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
 (Formerly known as Esaf Microfinance and Investments Private Limited) Notes forming part of  
 standalone financial statements  
 Note 22 Additional information to the financial statements

22.1	Payment to Auditors comprise of	(Amount in ₹)	
	Particulars	For the year ended 31 Mar-21	For the year ended 31 March 2020
	Statutory audit fee	500,000	500,000
	Other certification fee	-	-
	Out of pocket expenses	-	-
		500,000	500,000

22.2	Contingent liabilities and commitments (to the extent not provided for)	As at 31 March, 2021 ₹	As at 31 March, 2020 ₹
	Contingent liabilities		
i	(a) Disputed Income Tax demands from assessment year 2009-10 to 2013-14 under appeal pending before appellate/assessing authorities. The management is of opinion that the above demands are not	13,177,352	13,177,352
	(b) The company had received a combined order relating to assessment years 2008-09 to 2011-12 from the Service Tax Authorities during the year. The order pertains to applicability of service tax on various items like income from services towards collection of loan assigned, group mentoring and monitoring charges and microfinance administration revenue (excluding additional penalty and interest, if any). The company had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	27,140,516	27,140,516
	© The Company received an order from ESI Authorities on ESI dues not paid on certain employee emoluments relating to financial years 2013-14. The management is of the opinion that the above demands are not sustainable.	1,648,644	1,648,644

Show cause notices received from Service tax department pending formal demand notices, have not been considered as contingent liabilities Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities. Applicability of Kerala Money Lenders' Act.

The company is a member of Kerala Non- Banking Financial Companies Welfare Association which is a party to the proceedings pending in Supreme Court of India seeking exemption from the application of Kerala Money Lenders Act on NBFCs in Kerala. The Supreme Court has decided that status quo in the matter shall be maintained until resolution of the case, pending which no adjustments have been made in the financial statements for the required licence fee and security deposits, if any.



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED** (Formerly known as Esaf Microfinance and Investments Private Limited) Notes forming part of standalone financial statements

## Note 22 Additional information to the financial statements

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

Particulars	As at 31 March, 2021 ₹	As at 31 March, 2020 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

## 22.4 Expenditure in foreign currency (accrual basis)

(Amount in ₹)

Particulars	As at 31 March, 2021₹	As at 31 March, 2020₹
Travelling and conveyance	-	-
Others	-	-
Income in foreign currency :-		
Nature of Receipt	For the year ended 31 Mar-21	For the year ended 31 March, 2020
Income from sale of Carbon Credit	-	-

## 22.5 Note on Corporate Social Responsibility Expenditure

## a) Amount Spent during the period 2020-21 on:

(Amount in ₹)

Particular	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-



On purposes other than above	-	-	-
b) Amount Spent during the period 2019-20 on:			
Particular	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	-	-	-

Note 24 Disclosures in accordance with RBI Guidelines

#### 24.1 Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) CRAR (%)	70.07%	43.12%
(ii) CRAR - Tier I capital (%)	70.07%	42.81%
(iii) CRAR - Tier II Capital (%)	0.00%	0.31%
(iv) Amount of subordinated debt raised as Tier II capital (₹ in Crore)	0	0.28
(v) Amount raised by issue of Perpetual Debt Instruments	0	0

#### 24.2 Investments

(₹ in Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
1 Value of investments		
(i) Gross value of investments		
(a) In India	283.9	283.9
(b) Outside India		
(ii) Provision for diminution		
(a) In India	-	
(b) Outside India		
(iii) Net value of investments		
(a) In India	283.9	283.9
(b) Outside India		
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	
(ii) Add : Provision made during the year	-	
(iii) Less: Write off/ write back of excess provisions during the year	-	
(iv) Closing balance	-	



### 24.3 Derivatives

The Company has no transactions/exposure in derivatives for the year ended 31 March 2021 and 31 March 2020.

The Company has no unhedged foreign currency exposure as on 31 March 2021 and 31 March 2020

Note 24 Disclosures in accordance with RBI Guidelines

### 24.4 Disclosure relating to securitisations

The Company has not entered into securitisation transactions in the current and previous year, hence disclosure relating to securitisation transactions is not applicable.

### 24.5 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.

### 24.6 Details of Assignment transactions undertaken

The company has not undertaken any assignment transactions in the current and previous year.

### 24.7 Details of non-performing financial assets purchased/ sold

The company has not purchased/sold non performing financial assets in the current and previous year.

### 24.8 Asset liability management

#### A. Maturity pattern of certain items of assets and liabilities as on 31st March 2021

Particulars	Deposits	Advances	Investments *	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	-	-
Over 1 month 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	-	-	283.9	-	-
Over 5 years	-	-	-	-	-
Total	-	-	283.9	-	-

#### B. Maturity pattern of certain items of assets and liabilities as on 31st March 2020

Particulars	Deposits	Advances	Investments *	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	-	-
Over 1 month 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	-	-	283.9	-	-
Over 5 years	-	-	-	-	-
Total	-	-	283.9	-	-



24.9	Exposure
(i)	Exposure to Real Estate sector (Direct & Indirect) The Company does not have any direct or indirect exposure to real estate sector as on 31 March 2021 and 31 March 2020
(ii)	Exposure to Capital Market The Company does not have any exposure to Capital Market as on 31 March 2021 and 31 March 2020
24.10	Details of financing of parent company products The company does not distribute/ finance any products of holding/parent company
24.11	During the year ended 31 March, 2021 and 31 March, 2020, there are no unsecured advances for which intangible securities like rights, licences, authority etc. has been taken as collateral by the Company
24.12	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) i. Ministry of Corporate Affairs ii. Ministry of Finance (Financial intelligence Unit) iii. Pension Fund Regulatory Development Authority of India (PFRDA) (As aggregator for NPS Swavalamban Scheme)
24.13	Disclosure of Penalties issued by RBI and other regulators No penalties were imposed by RBI and other Regulators during current and previous year
24.14	Concentration of Deposits, Advances, Exposures and NPAs There are no exposures of Deposits, Advances, Exposures and NPAs as at 31st March 2021 & 31st March 2020.
24.15	Sectorwise NPAs The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence disclosure relating to sectorwise NPA is not applicable.
24.16	Asset Classification and Provisioning:- The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence the disclosure relating to Non performing advances is not applicable.

As per our report of even date attached.

**A. JOHN MORIS & CO.,**  
Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-  
**(G. KUMAR)**  
Partner, M.No.023082

Place: Thrissur  
Date : 26.06.2021

For and on behalf of the Board of Directors

Sd/-  
**Mareena Paul**  
Chairperson & Managing  
Director, DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
Chief Financial Officer

Sd/-  
**Vikraman  
Ampalakkat**  
Director, DIN:01978341

Sd/-  
**Vishakh**  
Company Secretary



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
 (Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes forming part of standalone financial statements

Note 24 Disclosures in accordance with RBI Guidelines

24.21	Disclosure of frauds reported during the year ended 31 March, 2019 vide DNBS PD.CC.NO. 256/03.10.042/2011-12 dated 02 March, 2012 No frauds have been reported during the current and previous year.		
24.22	Information on Net Interest Margin The Company does not have income from Financing activity in the current and previous year. Hence disclosure relating to Net Interest Margin is not applicable		
	Particulars	31-Mar-21	31-Mar-20
	Disclosure of Customer Complaints		
	No of complaints pending at the beginning of the year	-	-
24.23	No of complaints received during the year	-	-
	No of complaints redressed during the year	-	-
	No. of complaints pending at the end of the year	-	-
	The above information is as certified by the Management and relied upon by the auditors.		
24.24	Details of Overseas Assets - Nil (Previous Year- Nil)		
24.25	Sponsored SPVs - Nil (Previous Year- Nil)		
24.26	Disclosure of details as required under Clause No. 19 of Master Direction- Core Investments Companies (Reserve Bank ) Direction, 2016.		
	(a) Provisions as per CIC Guidelines- As the Company is not engaged in the business of financing, it has not provided any loans/ advances and therefore related disclosures of classification as standard asset, sub standard assets, doubtful and loss assets are not applicable to the Company.		
	(b) Exposure to real estate sector, both direct and indirect- Nil		
	(c) Maturity pattern of assets and liabilities.		
	As at March 31, 2021 (₹ in Crore)		
	Particulars	Liabilities	Assets
		Borrowings from Banks and others	Investments
			Advances
	Upto 30 days	0	-
	Over 1 month upto 2 months	0	-
	Over 2 months upto 3 months	0	-
	Over 3 months & upto 6 months	0	-
	Over 6 months & upto 1 year	9.04	-
	Over 1 year & upto 3 years	0	-
	Over 3 years & upto 5 years	-	283.9
	Over 5 years	-	0
	Total	9.04	283.9
	As at March 31, 2020 (₹ in Crore)		
	Particulars	Liabilities	Assets



	Borrowings from Banks and others	Advances	Investments
Upto 30 days	0	-	-
Over 1 month upto 2 months	0	-	-
Over 2 months upto 3 months	0.1	-	-
Over 3 months & upto 6 months	0	-	-
Over 6 months & upto 1 year	7.21	-	-
Over 1 year & upto 3 years	0.28	-	-
Over 3 years & upto 5 years	-	-	283.9
Over 5 years	-	-	0
Total	7.59	-	283.9

24.27 Disclosure as required under Annexure I of Master Direction- Core Investments Companies (Reserve Bank), Direction, 2016.  
Schedule to the Balance Sheet of non- deposit taking Core Investments Company

As at March 31, 2021

(₹ in Crore)

1	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
	(a) Debentures: Secured	-	-
	: Unsecured		
	(Other than falling within the meaning of public deposits*)	-	-
	(b) Deferred Credits (c ) Term Loans	-	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	9.04	-
	(f) Other Loans (specify nature)	-	-
	* Please see Note 1 below	-	-

As at March 31, 2020

(₹ in Crore)

	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
	(a) Debentures: Secured	-	-
	: Unsecured		
	(Other than falling within the meaning of public deposits*)	0.28	-
	(b) Deferred Credits (c ) Term Loans	-	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	7.21	-
	(f) Other Loans (specify nature)	-	-
	* Please see Note 1 below	-	-



(₹ in Crore)			
2	Assets side:	As at March 31, 2021	As at March 31, 2020
	Break-up of Loans and Advances		
	including bills receivables (other than		
	those included in (4) below:		
	(a) Secured	-	-
	(b) Unsecured	-	-
			(₹ in Crore)
3	Break Up of Leased Assets and stock on hire and other assets counting towards AFC activities	As at March 31, 2021	As at March 31, 2020
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(a) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
			(₹ in Crore)
4	Break-up of Investments	As at March 31, 2021	As at March 31, 2020
	Current Investments		
	1. Quoted :		
	(i) Shares (a) Equity		- -
	(b) Preference		
	(ii) Debentures and Bonds		
	(iii) Units of mutual funds		
	(iv) Government Securities		
	(v) Others (Please specify)		- -
	2. Unquoted:		- -
	(i) Shares (a) Equity		- -
	(b) Preference		- -
	(ii) Debentures and Bonds		- -
	(iii) Units of mutual funds		- -
	(iv) Government Securities		- -
	(v) Others (Please specify)		- -
	Long Term Investments:		- -
	1. Quoted :		- -
	(i) Shares (a) Equity		- -
	(b) Preference		- -



	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:	-	-
	(i) Shares (a) Equity	283.9	283.9
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
		-	-

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

As at March 31, 2020		(₹ in Crore)		
		Amount net of provisions		
Category	Secured	Unsecured	Total	
1. Related Parties				
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) other related parties	-	-	-	
Total	-	-	-	

  

As at March 31, 2020		(₹ in Crore)		
		Amount net of provisions		
Category	Secured	Unsecured	Total	
1. Related Parties				
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) other related parties	-	-	-	
Total	-	-	-	

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

As at March 31, 2021		(₹ in Crore)	
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties [Refer Note 2 below]			
(a) Subsidiaries	844.55	283.9	
(b) Companies in the same group	-	-	
(c) other related parties	-	-	
2. Other than related parties	-	-	
Total	844.55	283.9	



As at March 31, 2020		(₹ in Crore)	
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties [Refer Note 2 below]			
(a) Subsidiaries	711.47	283.9	
(b) Companies in the same group	-	0	
(c) other related parties	-	0	
2. Other than related parties			
	-	0	
<b>Total</b>	<b>711.47</b>	<b>283.9</b>	

7 Other Information		(₹ in Crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(i) Gross Non-Performing Assets			
(a) Related Parties	-	-	
(b) Other than related parties	-	-	
(ii) Net Non-Performing Assets			
(a) Related Parties	-	-	
(b) Other than related parties	-	-	
(iii) Assets acquired in satisfaction of debt			
	-	-	
Notes:			
1. As defined in Core Investments Companies (Reserve Bank) Directions, 2016			
2. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, break up in respect of unquoted investments has been disclosed irrespective of whether investments are classified as Long Term or current in (4) above.			

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

As per our report of even date attached.  
**A. JOHN MORIS & CO.,**  
 Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-  
**(G. KUMAR)**  
 Partner, M.No.023082

Place: Thrissur  
 Date : 26.06.2021

For and on behalf of the Board of Directors

Sd/-  
**Mareena Paul**  
 Chairperson & Managing  
 Director, DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
 Chief Financial Officer

Sd/-  
**Vikraman  
 Ampalakkat**  
 Director, DIN:01978341

Sd/-  
**Vishakh**  
 Company Secretary



## CONSOLIDATED FINANCIALS

### UDIN: 21023082AAAAUJ9227 INDEPENDENT AUDITOR'S REPORT

To the Members of "M/s. ESAF Financial Holdings Private Limited" (Formerly known as ESAF Microfinance and Investments Private Limited) **Report on the Audit of the Consolidated Financial Statements Opinion**

We have audited the accompanying Consolidated Financial Statements of "M/s. ESAF Financial Holdings Private Limited" (Formerly known as per ESAF Microfinance and Investments Private Limited) (hereinafter referred to as "the Company"), and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated statement of Changes in Equity for the year then ended, and notes to the Consolidated Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements"). In our opinion and to the best of our information and according to the explanations given to us the aforesaid Consolidated 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 Indian accounting Standards (Ind AS's) prescribed under section 133 of the Act read with Company (Accounts) Rules, 2014 as amended and other Accounting Principles generally accepted in India, of the consolidated state of affairs of the company, and its associate as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditors' Responsibilities for the Audit of the Consolidated Financial Statements' section of our report.

We are independent of the Company, and its associate 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

**Information Other than the Financial Statements and Auditor's Report Thereon** The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial

Statements, Standalone Financial Statements and our auditors' report thereon. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Consolidated 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.

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Company including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the company and of its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and



the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

### AUDITOR'S RESPONSIBILITY

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

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

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

internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its Associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its Associate to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Associate to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance

of the audit of the Financial Statements of such entities or business activities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the 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.

### OTHER MATTERS

The accompanying Consolidated Financial Statements include the Ind AS financial statements and other financial information of an associate which reflects the company's share of net profit after tax of Rs. 42.13 Crores and share of Other Comprehensive



Income of Rs. 16.35 Crores (Loss) for the year ended March 31, 2021, which have been reviewed by us under the capacity of Independent Practitioner in accordance with Standard on Review Engagements (SRE) 2400, Engagements to Review Historical Financial Statements issued by the Institute of Chartered Accountants of India (ICAI).

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements / financial information certified by the Management.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and limited review of the separate financial statements and other financial information of associate, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

(d) In our opinion, the aforesaid consolidated financial statements

comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements of the the Company and its associate, incorporated in India, refer to our separate Report in

#### "ANNEXURE 1" TO THIS REPORT;

(g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Company, and its associates incorporated in India for the year ended March 31, 2021

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us: i. There were no pending litigations which would impact the consolidated financial position of the Company, and its Associate. ii. Provision has been made in the Separate Financial Statements of the associate, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts and the effect of the same has been included in the share of profit of associate in the consolidated financial statements. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and its associate during the year ended March 31, 2021. **For A. John Moris**

**& Co.**, Chartered Accountants Firm  
 Registration Number: 007220 S  
 Place: Chennai Date: 01-09-2021  
**Sd/- CA G Kumar** (Senior Partner)  
 Membership No: 023082

#### ANNEXURE 1

To the Independent Auditors' Report of even date on the Consolidated Financial Statements of "M/s. **ESAF Financial Holdings Private Limited**" **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")** In conjunction with our audit of the Consolidated Financial Statements of the Company and its Associate as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of **M/s. ESAF Financial Holdings Private Limited** ("the Company") and its associate company, which are companies incorporated in India, as of that date.

#### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company and its



associate, which are companies incorporated in India, internal financial controls over financial reporting with reference to these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements 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 over financial reporting with reference to these Consolidated Financial Statements and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Financial Statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements 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 with reference to these Consolidated Financial Statements 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 Consolidated Financial Statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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 with reference to these

Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Company, and its Associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **OTHER MATTERS**

Our report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Company, in so far as it relates to its Associate which are companies incorporated in India, is based on the corresponding reports of the auditors of such Associate incorporated in India.



**ESAF Financial Holdings Private Limited**

 (Formerly Known As Esaf Microfinance And Investments Private Limited) CIN :U65910TN1996PTC036650  
**Consolidated Balance Sheet As At March 31, 2021**

Particulars	Note	As At Mar 31, 2021	As At Mar 31, 2020
		Amounts (Inr)	Amounts (Inr)
<b>Assets</b>			
<b>Financial Assets</b>			
(A) Cash And Cash Equivalents	1	9,006,605	25,134,807
(B) Bank Balances Other Than (A) Above	2	352,606,179	352,606,179
(C) Other Receivables	3	10,912,797	10,953,018
(D) Investments	4	5,011,864,216	4,754,079,663
		5,384,389,798	5,142,773,667
<b>Non Financial Assets</b>			
(A) Deferred Tax Assets(Net)		3,448,242	2,649,251
(B) Property, Plant And Equipment	6	159,659,079	160,445,111
(C) Income Tax Assets (Net)		-	-
(D) Other Non-Financial Assets	5	14,686,465	17,340,485
		177,793,786	180,434,847
<b>Total Assets</b>		<b>5,562,183,584</b>	<b>5,323,208,514</b>
<b>Liabilities And Equity</b>			
<b>Liabilities</b>			
<b>1) Financial Liabilities</b>			
(I) Trade Payables	7		-
(I) Total Outstanding Dues Of Micro Enterprises And Small Enterprises			
(II) Total Outstanding Dues Of Creditors Other Than Micro Enterprises And Small Enterprises		6,141,246	7,394,282
(D) Borrowings	8	90,447,710	72,100,000
(E) Deposits			
(F) Subordinated Liabilities	9	-	2,800,000
(G) Other Financial Liabilities	10	619,634	11,265,447
<b>2) Non Financial Liabilities</b>			
(A) Current Tax Liabilities	11	6,082,967	5,209,548
(B) Deferred Tax Liabilities (Net)		-	-
(C) Provisions	12	43,180,382	49,617,548
(D) Other Non- Financial Liabilities	13	3,384,507	6,503,182
<b>3) Equity</b>			
(A) Equity Share Capital	14	1,718,095,960	1,785,201,630
(B) Other Equity	15	3,694,231,178	3,383,116,875
<b>Total Liabilities And Equity</b>		<b>5,562,183,584</b>	<b>5,323,208,514</b>

As per our report of even date attached.

**A. JOHN MORIS & CO.,**  
 Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-

**(G. KUMAR)**

Partner, M.No.023082

Place: Thrissur

Date : 01/09/2021

UDIN: 21023082AAAAUJ9227

For and on behalf of the Board of Directors

Sd/-

**Mareena Paul**

 Chairperson & Managing  
 Director, DIN:02228087

Sd/-

**Sunil G Nampoothri**

Chief Financial Officer

Sd/-

**Vikraman**
**Ampalakkat**  
 Director, DIN:01978341

Sd/-

**Vishakh**

Company Secretary



**ESAF Financial Holdings Private Limited**

 (Formerly known as Esaf Microfinance and Investments Private Limited) CIN :U65910TN1996PTC036650  
**STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2021**

Particulars	Note	2020-21	2019-20
		Amounts (INR)	Amounts (INR)
Other Income	16	53,249,926	54,411,701
<b>TOTAL INCOME</b>		<b>53,249,926</b>	<b>54,411,701</b>
Expenses:			
(i) Finance costs	17	14,198,670	8,950,065
(vi) Employee Benefit Expense	18	13,170,655	15,006,517
(vii) Depreciation and Amortisation	6	1,291,863	1,782,879
(viii) Other expenses	19	3,018,351	6,740,866
<b>TOTAL EXPENSE</b>		<b>31,679,540</b>	<b>32,480,326</b>
Profit before Share of profit/(loss) of Associate Company, exceptional items and tax		21,570,386	21,931,375
Share of Profit/(Loss) of Associate Company		421,325,493	903,910,088
Profit before exceptional items and tax		442,895,879	925,841,463
Exceptional items		-	-
Profit before tax		442,895,879	925,841,463
Tax expense			
Current tax		5,411,136	6,282,279
Deferred Tax Expenses		(798,992)	(336,751)
		4,612,144	5,945,528
Profit or loss for the period from continuing operations		438,283,734	919,895,935
Profit or loss for the period from discontinued operations			
Tax expense of discontinued operations			
Profit or loss for the period from continuing operations after Tax		-	-
<b>PROFIT OR LOSS FOR THE PERIOD</b>		<b>438,283,734</b>	<b>919,895,935</b>



OTHER COMPREHENSIVE INCOME		
(A) (i) Items that will not be reclassified to profit or loss		
Share of OCI from Associate Company	(4,509,497.00)	211,984.90
(ii) Income tax relating to items that will not be reclassified to profit or loss		-
SUBTOTAL (A)	(4,509,497.00)	211,984.90
(B) (i) Items that will be reclassified to profit or loss		
Share of OCI from Associate Company	(159,031,445.00)	506,719,844.49
(ii) Income tax relating to items that will be reclassified to profit or loss		
SUBTOTAL (B)	(159,031,445.00)	506,719,844.49
Other Comprehensive Income	(163,540,942.00)	506,931,829.39
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	274,742,792	1,426,827,765
Earnings per equity share		
Basic	2.65	6.29
Diluted	2.46	5.32
Significant accounting policies		
Other notes on accounts		

As per our report of even date attached.  
**A. JOHN MORIS & CO.,**  
 Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-  
**(G. KUMAR)**  
 Partner, M.No.023082

Place: Thrissur  
 Date : 01/09/2021  
 UDIN: 21023082AAAAUJ9227

For and on behalf of the Board of Directors

Sd/-  
**Mareena Paul**  
 Chairperson & Managing  
 Director, DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
 Chief Financial Officer

Sd/-  
**Vikraman  
 Ampalakkat**  
 Director, DIN:01978341

Sd/-  
**Vishakh**  
 Company Secretary



**ESAF Financial Holdings Private Limited**  
 (Formerly known as Esaf Microfinance and Investments Private Limited)  
**Consolidated Cash Flow Statement for the Year Ended 31st March, 2021**

Particulars	2020-21	2019 - 20
	INR	INR
<b>A. Cash flow from operating activities</b>		
Net profit after tax	438,283,734	925,841,463
Adjustments for:		
Depreciation and amortisation	1,291,863	1,782,879
Profit on Sale of Fixed Assets and investments	-	(360,000)
Finance Costs	14,198,670	8,950,065
Interest Income	(52,127,728)	(52,342,786)
Provisions/Liabilities no longer required written back	(126,671)	-
Provision for Income tax	4,612,144	-
Prior Period	(30,636.16)	
Share of Profit of associate	(421,325,492.60)	(903,910,088)
Operating profit before working capital changes	(15,224,115)	(20,038,467)
Adjustments for (increase) / decrease in operating assets:		
Loans and advances	40,221	927,699
Other Assets	2,654,020	(4,283,050)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(1,253,036)	464,256
Other Liabilities	(14,174,472)	3,325,231
Provisions	(58,908)	(1,332,377)
Cash generated from/(used in) operations	(28,016,291)	(20,936,708)
Direct taxes paid	(4,537,717)	(7,997,874)
Net cash from operating activities	(32,554,008)	(28,934,582)
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(65,212)	(59,000)
Sale of fixed assets	-	-
Bank balances not considered as Cash and cash equivalents (Net)	-	-
(Purchase)/sale of current investments	-	1,360,000
Interest received	52,127,728	52,342,786
Gain on buyback by subsidiary	-	-
Net cash used in/(generated from) investing activities	52,062,516	53,643,786



C. Cash flow from financing activities		
Proceeds from/(repayment) of borrowings	18,347,710	36,061,973
Interest paid	(14,198,670)	(8,950,065)
Dividend and Dividend Tax Paid	(36,985,749)	(37,051,657)
Redemption of non convertible debentures	(2,800,000)	-
Net cash from financing activities	(35,636,709)	(9,939,749)
Net increase in cash and cash equivalents	(16,128,201)	14,769,455
Opening Cash and cash equivalents	25,134,807	10,365,352
Closing Cash and cash equivalents	9,006,606	25,134,807

As per our report of even date attached.

**A. JOHN MORIS & CO.,**  
Chartered Accountants, ICAI Firm Reg. No. 007220 S

Sd/-

**(G. KUMAR)**

Partner, M.No.023082

Place: Thrissur

Date : 01/09/2021

UDIN: 21023082AAAAUJ9227

For and on behalf of the Board of Directors

Sd/-

**Mareena Paul**

Chairperson & Managing  
Director, DIN:02228087

Sd/-

**Sunil G Nampoothri**

Chief Financial Officer

Sd/-

**Vikraman**

**Ampalakkat**  
Director, DIN:01978341

Sd/-

**Vishakh**

Company Secretary



**ESAF Financial Holdings Private Limited**  
 (Formerly known as Esaf Microfinance and Investments Private Limited)

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**  
**A EQUITY SHARE CAPITAL**

Particulars	No. of Shares	RESERVES AND SURPLUS						Other Comprehensive Income	Total
		Share Application Money Pending Allotment	Equity component of compound financial instruments	Statutory Reserves	Capital Reserve	Securities Premium	Retained Earnings		
Opening balance as on April 1, 2019	1,785,201,630.00	-	-	436,266,356	-	569,283,215	1,820,317,320	557,249,983	2,825,866,891
Shares issued during the year	-	-	-	-	-	-	-	-	-
Balance as on March 31, 2020	1,785,201,630.00	-	-	436,266,356	-	569,283,215	1,820,317,320	557,249,983	2,825,866,891
Changes in Accounting policies or prior period errors	-	-	-	-	-	-	-	-	-
Restated Balance as on April 1, 2020	1,785,201,630.00	-	-	436,266,356	-	569,283,215	1,820,317,320	557,249,983	2,825,866,891
Shares issued during the year	134,211,330.00	-	-	-	-	-	-	-	-
Conversion of CCPS into Equity Shares	(201,317,000.00)	-	-	-	-	-	-	-	-
Balance as on March 31, 2021	1,718,095,960.00	-	-	523,923,103	-	636,388,885	2,140,210,148	393,709,041	3,694,231,178
<b>B OTHER EQUITY</b>									<b>Amounts (INR)</b>
Balance at the beginning of the reporting period		-	-	436,266,356	-	569,283,215	1,820,317,320	557,249,983	2,825,866,891
Changes in accounting policy/prior period errors		-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period		-	-	436,266,356	-	569,283,215	1,820,317,320	557,249,983	2,825,866,891
Profit/ Loss for the year after income tax		-	-	-	-	438,283,734	438,283,734	-	438,283,734
Other Comprehensive Income for the year		-	-	-	-	-	-	(163,540,942)	-
Total Comprehensive Income for the year		-	-	-	-	-	-	-	-
Dividends including Dividend Distribution tax paid during the year		-	-	-	-	(30,734,160)	(30,734,160)	-	(30,734,160)
Transfer to Statutory Reserve		-	-	87,656,747	-	(87,656,747)	(87,656,747)	-	-
Securities Premium on shares issued during the year		-	-	-	-	67,105,670	67,105,670	-	67,105,670
Balance at the end of the reporting period		-	-	523,923,103	-	636,388,885	2,140,210,148	393,709,041	3,694,231,178

## ESAF Financial Holdings Private Limited

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
<b>1 Cash &amp; Cash Equivalent</b>		
Cash on hand	11,520	2,209
Balances with Bank		
- In current accounts		
Domestic	8,995,086	25,132,598
	9,006,605	25,134,807
<b>2 Other bank balance</b>	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Other Bank Balance		
- in deposit accounts	352,606,179	352,606,179
- Fixed Deposit with bank with more than 3 months but less than 12 months maturity	-	-
Earmarked balances with banks-unclaimed dividend	-	-
Bank balances held security against borrowings, guarantees and other commitments	-	-
Cash and bank balance not available for immediate use	-	-
	352,606,179	352,606,179
<b>3 Other receivables</b>	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Unsecured, considered good		



(a) Loans and advances to employees		
Related parties		-
Others	2,800,201	2,859,109
(b) Loans and advances to related parties		-
(c) Other receivables	8,112,596	8,093,909
	10,912,797	10,953,018
	As at Mar 31, 2021	As at Mar 31, 2020
<b>4 Investments</b>	<b>Amounts (INR)</b>	<b>Amounts (INR)</b>
Investments in Associate :-		
280,758,396# (1 April, 2018: 280,758,396) Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	5,011,864,216	4,754,079,663
	5,011,864,216	4,754,079,663
	As at Mar 31, 2021	As at Mar 31, 2020
<b>5 Other Non Financial Assets</b>	<b>Amounts (INR)</b>	<b>Amounts (INR)</b>
(a) Prepaid expenses	59,091	61,276
(b) Balances with Government authorities	6,614,550	6,484,821
(c) Compensated Leave Salary Assets	4,420,630	4,150,194
(d) Deposits	2,647,770	2,647,770
(e) Insurance claims receivable	408,612	408,612
(f) Other Current Assets	535,812	3,587,812
	14,686,465	17,340,485



Esaf Financial Holdings Private Limited  
(Formerly known as Esaf Microfinance and Investments Private Limited)  
Notes forming part of consolidated financial statements

Note 6: Property Plant and Equipment

Particulars	Gross Block					Net Block			
	Balance as at 1 April, 2020	Additions	Disposals	Balance as at 31 March, 2021	Balance as at 1 April, 2020	Depreciation for the year	Deletions	Balance as at 31 March, 2021	Balance as at 31 March, 2020
<b>A. Tangible Assets</b>									
Land	146,441,580			146,441,580	-	-	-	146,441,580	146,441,580
	(146,441,580)			(146,441,580)	-	-	-	(146,441,580)	(146,441,580)
Buildings	13,643,574			13,643,574	2,066,601	209,588	-	11,367,385	11,576,973
	(13,643,574)			(13,643,574)	(1,860,981)	(205,620)	-	(11,576,973)	(11,782,593)
Leasehold Buildings	2,200,404	440,620	-	2,641,024	759,325	793,481	-	1,088,218	1,441,079
	(2,110,082)	(1,445,160)	(1,354,838)	(2,200,404)	(1,493,938)	(620,224)	(1,354,837)	(1,441,079)	(616,144)
Furniture and Fittings	62,755			62,755	14,663	5,958	T -	42,134	48,092
	(62,755)			(62,755)	(8,750)	(5,913)	-	(48,092)	(54,005)
Vehicles	5,595,148			5,595,148	4,710,898	244,816		639,434	884,250
	(5,595,148)			(5,595,148)	(3,878,461)	(832,437)		(884,250)	(1,716,687)
Computer and Accessories	416,080	65,212	-	481,292	362,944	38,020	-	80,328	53,136
	(357,080)	(59,000)	-	(416,080)	(244,259)	(118,685)	-	(53,136)	(112,821)
Total	168,359,541	505,832	-	168,865,373	7,914,431	1,291,863	-	159,659,079	160,445,110
	(168,210,219)	(1,504,160)	(1,354,838)	(168,359,541)	(7,486,389)	(1,782,879)	(1,354,837)	(160,445,110)	(160,723,830)

Note:

1) Figures in brackets relate to previous year.

2) All tangible are owned by the company and are not on lease.



**ESAF Financial Holdings Private Limited**  
 (Formerly known as esaf Microfinance and Investments Private Limited)  
 Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

7 Trade Payable	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	6,141,246	7,394,282
		-
<b>Total</b>	<b>6,141,246</b>	<b>7,394,282</b>

  

8 Borrowings	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Secured Loans		
Term Loan from Banks	90,447,710	72,100,000
<b>Total</b>	<b>90,447,710</b>	<b>72,100,000</b>

  

9 Subordinated Liabilities	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Non Convertible Debentures	-	2,800,000
<b>Total</b>	<b>-</b>	<b>2,800,000</b>

  

10 Other Financial Liabilities	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
(a) Current maturities of Non Convertible Debentures	-	-
(b) Current maturities of vehicle loan	-	1,034,831
(c) Interest accrued but not due on borrowings	-	9,030,575
(d) Matured Non Convertible Debentures and Interest accrued thereon	619,634	1,200,041
	619,634	11,265,447



11 Tax Liabilities	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Current Tax liabilities	6,082,967	5,209,548
	6,082,967	5,209,548

  

12 Provisions	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
(i) Provision for compensated absences	609,000	609,000
(ii) Provision for proposed preference dividend	30,734,160	30,734,160
(iii) Provision for tax on proposed dividend	-	6,378,260
(iv) Loans and advances to employees	2,800,201	2,859,109
(v) Other provisions	9,037,020	9,037,020
Total	43,180,381	49,617,549

  

13 Other Non- Financial Liabilities	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
(a) Other payables		
(i) Statutory remittances	1,096,449	1,111,799
(ii) PFRDA collections	-	-
(iii) Payable to ESAF Employees Gratuity Trust	362,000	3,414,000
(iv) Lease Liability	1,244,560	1,533,452
(iv) Others	681,497	443,931
Total	3,384,506	6,503,182



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

14 Equity Share Capital					
I)	Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
		No. of shares	INR	No. of shares	INR
Authorised :					
	Equity shares of ₹ 10/- each with voting rights	190,000,000	1,900,000,000	190,000,000	1,900,000,000
	Preference shares of ₹100/- each	6,000,000	600,000,000	6,000,000	600,000,000
Issued, paid up and subscribed					
	Equity shares of ₹10/- each with voting rights	153,761,096	1,537,610,960	140,339,963	1,403,399,630
	Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	1,804,850	180,485,000	3,818,020	381,802,000
		155,565,946	1,718,095,960	144,157,983	1,785,201,630
II) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:					
	Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
		No. of shares	INR	No. of shares	INR
	At the beginning of the year	144,157,983	1,785,201,630	144,157,983	1,785,201,630
	Issued during the year as fully paid up on conversion	13,421,133	134,211,330		
	Conversion of CCPS into Equity Shares	(2,013,170)	(201,317,000)		
	At the end of the year	155,565,946	1,718,095,960	144,157,983	1,785,201,630

## III) Terms/rights attached to equity shares

## A. Equity Shares with voting rights

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each holder of the Equity Shares is entitled to one vote per share.

During the year ended 31 March 2021 the amount of per share dividend recognised in distribution to equity share holders is ₹ Nil (Previous year ₹ Nil)

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 shareholders.

## B. CCPS

(i) The company has converted 95,000 CCPS of ₹ 100/- each attracting dividend at 10% in to 6,33,333 equity shares at conversion price of ₹15/- and 19,18,170 CCPS of ₹ 100/- each attracting dividend at 8% into 1,27,87,800 equity shares at conversion price of ₹ 15/- each.

(ii) The company vide in its board resolution dated 29.3.2021 has changed the terms of balance 1,84,850 CCPS of ₹100/- each attracting 8% dividend this will be compulsory convertible into equity share @ ₹ 15 per share on or before 10 years from closing date i.e. 31 March, 2014.

IV) Shareholders holding more than 5% of equity shares as at the end of the year:



Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	% of Shares	No. of shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	97,616,607	63.49%	87,533,174	62.37%
Dia Vikas Capital Private Limited	30,730,000	19.99%	28,025,633	19.97%
SIDBI Trustee Company Ltd	17,176,230	11.17%	17,176,230	12.24%
	145,522,837	94.64%	132,735,037	94.58%

IV) Shareholders holding more than 5% of Compulsarily convertible preference shares as at the end of the year:

Particulars	As at Mar 31, 2021		As at Mar 31, 2020	
	No. of shares	% of Shares	No. of shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	-	0.00%	1,512,515	39.62%
Dia Vikas Capital Private Limited	1,804,850	100.00%	2,210,505	57.90%
	1,804,850	100.00%	3,723,020	97.52%

During the year the Company has converted 20,13,170 CCPS into Equity Shares. (Previous Year- Nil)



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

15 Other Equity	As at Mar 31, 2021	As at Mar 31, 2020
	Amounts (INR)	Amounts (INR)
Other Reserves		
General reserve		
As per last balance sheet	436,266,356	252,287,169
Add : transferred from statement of profit and loss	87,656,747	183,979,187
	523,923,103	436,266,356
Security premium reserve		
Opening balance	569,283,215	569,283,215
Addition during the year	67,105,670	
	636,388,885	569,283,215
Retained Earnings		
Profit and loss account		
Opening balance	1,820,317,320	1,121,512,992
		-
Add: transfer due to amalgamation		
Add: Profit for the year	438,283,734	919,895,935
Add: Addition due to adoption of IND-AS	-	-
Less: Transferred to Other Reserve	87,656,747	183,979,187
	2,170,944,308	1,857,429,740
Less: Appropriation		
(a) General Reserve		
(b) Preference Dividend	30,734,160	30,734,160
(c) Tax on dividend	-	6,378,260
	30,734,160	37,112,420
Other Comprehensive Income		
As per Last Balance sheet date	557,249,983	50,318,154
Add/(Less): Movement in OCI (net) during the year	(163,540,942)	506,931,829
	393,709,041	557,249,983
Balance to be carried forward	3,694,231,178	3,383,116,875

**Note 15.1 Statutory Reserve**

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of ₹ 33,91,648 /-(Previous year ₹ 31,97,169/-), out of profit after tax for the year to the statutory reserve.

**Note 15.2 Retained Earnings**

The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the amounts reported above are not distributable in entirety. Retained earnings is a free reserve, retained from company's profits to meet future obligations.



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Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

	2020-21	2019-20
	INR	INR
<b>16 Other Income</b>		
Interest Income on Advance given	-	120,000
Interest income on Fixed Deposits	52,127,728	52,342,786
Profit on Sale of Fixed Assets	-	360,000
Provisions/Liabilities no longer required written back	126,671	1,332,377
Miscellaneous Income	328,252	256,538
Rent received	667,275	-
	53,249,926	54,411,701
<b>17 Finance Cost</b>		
(a) Interest expense on:		
(i) Borrowings from Banks	13,905,541	8,350,556
(ii) Debentures	61,370	449,226
(iii) Interest on Lease payment	231,759	150,283
Total	14,198,670	8,950,065
<b>18 Employee Benefit Expense</b>		
Salaries, Wages and Bonus	12,642,877	14,349,032
Contributions to provident and other funds	490,718	493,963
Staff welfare expenses	37,060	163,522
	13,170,655	15,006,517
<b>19 Other expenses</b>		
Electricity and Water Charges	65,217	89,138
Rent	1,763	77,814
Vehicle Maintenance	132,174	200,520
Office Maintenance & Meeting expenses	51,400	27,000
Bank Charges	8,834	67,671
Rates and Taxes	34,279	36,117
Telephone and Internet expenses	38,783	61,203
Travelling and conveyance	4,350	420,429
Printing and stationery	106,197	44,044
Legal and professional	1,068,060	2,354,339
Payments to auditors	500,000	500,000
Directors Sitting Fee	520,000	640,000
Other Expenses	487,294	2,222,591
	3,018,351	6,740,866



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

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**A1 Corporate Information**

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ESAF Financial Holdings Private Limited (Formerly Known as ESAF Microfinance and Investments Private Limited) ("the Company") is a private limited company domiciled in India and Incorporated under the provisions of Companies Act, 1956. The company was registered as a Non - Deposit accepting Non Banking Financial Company (NBFC-ND) with the Reserve Bank of India('RBI') vide Certificate of Registration number B.07.00652 dated 22 August, 2007 and has got classified as a Non Banking Financial Company - Micro Finance Institution ('NBFC-MFI') with effect from 7 January 2014, registered as Core Investment Company. The Company was primarily engaged in providing Microfinance services to the weaker sections of society, and mainly women who are organized in Joint Liability Groups. On 18th November, 2016, the company received approval from Reserve Bank of India ('RBI') to set up a Small Finance Bank, pursuant to the same, the company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary ESAF Small Finance Bank Limited ('The Bank'). The Bank Commenced operations w.e.f 10 March, 2017, on which date the company ceased to operate as a Microfinance Company. Based on the Licensing guidelines of RBI applicable to the Bank and pursuant to above changes, the company has submitted an application for registration as Core Investment Company ('CIC') on 18th March, 2019. The Company surrendered its NBFC-MFI license and received the approval of the Reserve Bank of India('RBI') on 26th February 2020.

As per the Current Shareholding pattern of ESAF Small Finance Bank,ESAF Financial Holdings Private limited holds 62.46% of the total shareholding of ESAF Small Finance Bank.However its voting rights are limited to 26% of the total shareholding of ESAF Small Finance Bank, pursuant to Section 12(2) of Banking Regulation Act,read with the RBI notification.The total voting power of ESAF Small Finance Bank being 60.37%,ESAF Holdings Private Limited can exercise control on less than half of the total voting power of ESAF Small Finance Bank.Consequently ESAF Holdings Private Limited shall not be able to pass ordinary resolution for the appointment or removal of any director of ESAF Small Finance Bank.As the two requirement set out for the classification of a company as subsidiary is not fulfilled,ESAF Small Finance Bank is not considered as subsidiary of ESAF Holdings Private Limited and considered as Associate for the purpose of Consolidation.

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**A2 Significant Accounting Policies**

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**a. Basis of accounting**

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Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

tPreparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The Consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, Companies (Indian Accounting Standards Amendment) Rules, 2016 and Companies (Indian Accounting Standards Amendment) Rules 2017. Investment in Associates and Joint Ventures has been accounted under the Equity Method as per Ind AS 28 – Investments in Associates and Joint Ventures. This is the first IndAS compliant financial statements. Refer note 20 "First - time adoption of Ind AS' for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the company's financial statements.

Amount in financial statements are presented in Indian INR as permitted by schedule III to the companies Act, 2013

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**b. Presentation of financial statements**


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The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

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**c. Property, plant and equipment**


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Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

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**d. Intangible assets**


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Computer softwares are stated at cost less accumulated depreciation, amortisation and impairment.

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**e. Depreciation**


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**i) Tangible assets**

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on addition and disposal are calculated on pro-rata basis from and to the month of additions and disposal.

Sl No.	Particulrs
1	Computer and IT Peripherals
2	Plant and Machinery
3	Office Equipment
4	Furniture and Fixtures

**ii) Intangible assets**

the estimated useful life of an identifiable intangible asset is based on the number of factors including the effects of obsolescence, demand, competition and other economic factor and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

Sl No.	Particulrs
1	Computer Software

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**f. Functional and presentation currency**


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The functional and presentation currency of the company is the Indian Rupee as it is the currency of primary economic environment in which the company operates.

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g. Investments in Associate

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Investment in Associates and Joint Ventures has been accounted under the Equity Method as per Ind AS 28 – Investments in Associates and Joint Ventures. Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's other comprehensive income. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences.

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h. Impairment of Assets

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As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any. An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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i. Income Tax

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Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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j. Leases

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Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

The company after assessing the impacts of "INDAS 116 - Leases" have concluded that all the lease agreement fall under long term lease agreements & hence it has been capitalised in the financial statements as per the guidelines and provisions of IND-AS 116.

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k. Financial Instruments

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

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 i) Financial assets
 

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## Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

## Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

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 ii) Financial liabilities
 

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## Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company

## Subsequent measurement

Fair value through profit or loss (FVTPL): Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

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 l Cash and cash equivalents
 

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For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks.

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 m Revenue Recognition
 

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Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from contracts priced on time and material basis is recognised when services are rendered and related costs are incurred

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n Other Income

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- I) Interest income is accrued at applicable interest rate.
  - II) Other items of income are accounted as and when the right to receive arises.
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o Employee benefits

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i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

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ii) Post Employment Benefits Defined contribution plan

The company's state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised during the period in which the employee renders the related service.

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p Provisions, contingent liabilities and contingent assets

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Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- I) the Company has a present obligation as a result of a past event;
- II) a probable outflow of resources is expected to settle the obligation; and
- III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually

certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

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q Segment accounting

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The Company have only one segment and segment reporting is not applicable.

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r Cash flow statement

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Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

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## ESAF Financial Holdings Private Limited

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

Dues to micro enterprises and small enterprises

- A3 The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier and vendors of the company. Based on the information available with the Company, as at the year end, no vendors are classified as MSMED.

- A4 Disclosure of Related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

### a) List of related parties

Details of related parties: Description of relationship	Names of related parties		
Entities having significant influence	Dia Vikas Capital Private Limited ESAF Swasraya Multistate Agro Co-operative Society Limited SIDBI Trustee Company Ltd. - A/C Samridhi Fund		
Key Management Personnel (KMP)	Mrs. Mereena Paul		
Relatives of KMP	Mr. K. Paul Thomas , spouse of Mrs Mereena Paul		
	Mr. Alok Thomas Paul, son of Mrs. Mereena Paul		
	Mrs. Emy Acha Paul, daughter of Mrs. Mereena Paul		
Entities in which KMP can exercise significant influence	CEDAR Retail Private Limited		
	Evangelical Social Action Forum		
	Lahanti Business Service Private Limited		
	ESAF Swasraya Multistate Agro Co-operative Society Limited		
Associate Company	ESAF Small Finance Bank Limited		
Note: Related parties have been identified by the Management and relied upon by the auditors			



## Transactions during the year :

S.No	Particulars	Related Party	2020-21	2019-20
			INR	INR
1	Loans availed against Fixed deposit	Esaf Small Finance Bank Limited	19,000,000	37,100,000
2	Interest Paid	Esaf Small Finance Bank Limited	13,870,506	8,202,082
3	Remuneration to KMP	Mrs. Mereena Paul	8,398,031	9,556,559
4	Repayment of Loan by KMP	Mrs. Mereena Paul	-	566,635
5	Interest received on loans to KMP	Mrs. Mereena Paul	-	120,000
6	Rent received	Esaf Small Finance Bank Limited	-	28,687
7	Interest Income on FD	Esaf Small Finance Bank Limited	52,127,728	61,048,662
8	Rent paid	Mrs. Mereena Paul	271,360	201,600
9	Transactions in Current Account (net)	ESAF Small Finance Bank limited	(12,595,622)	(12,927,624)

## b) Amount due to and due from related parties(net):

S.No	Particulars	Related Party	Amounts due (to)/from	Amounts due (to)/from
			March 31, 2021	March 31, 2020
1	Loan against FD	ESAF Small Finance Bank Ltd	90,447,710	72,100,000
2	Other Current Liabilities	Mrs. Mereena Paul	1,241,620	2,613,620
		Evangelical Social Action Forum	1,431,200	1,431,200
		ESAF Swasraya Multistate Agro Cooperative Society Limited	-	504,000
3	Rent Deposit	Mrs. Mereena Paul	50,000	50,000
4	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	1,250,000	1,250,000
5	Interest Payable	ESAF Small Finance Bank Ltd	13,870,506	8,202,082
6	Rent Receivable	ESAF Small Finance Bank Ltd		1,313
7	Investments in Equity shares	ESAF Small Finance Bank Ltd	2,839,000,000	2,839,000,000
8	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	357,089,188	369,684,810

## c) Terms and conditions of transactions with related parties:

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: INR Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



- No amount of due from related parties has been written off during the year (Previous year ` Nil). No amount due to related parties has been written back during the year (Previous year ` nil). For the year ended March 31, 2021, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2020 : ` Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

**A5 Deferred Tax Asset/Liability**

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

**Major components of Deferred tax liabilities and assets**

Particulars	As at 31 March, 2021	As at 31 March, 2020
<u>Tax effect of items constituting deferred tax Liabilities</u>		
On difference between book balance and tax balance of fixed assets	212,225	(101,877)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for non performing assets		-
Provision for compensated absences	158,340	133,980
Provision for Fraud Cased and other Advances	3,077,678	2,617,148
<b>Deferred tax assets</b>	<b>3,448,242</b>	<b>2,649,251</b>



**ESAF Financial Holdings Private Limited**

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Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

**A6 Disclosure pursuant to Ind AS 33 "Earnings per share"**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2020-21	2019-20
		INR	INR
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	407,549,574	882,783,515
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	153,761,096	140,339,963
Basic earnings per equity share (₹)	A / B	2.65	6.29
<b>Diluted earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	407,549,574	882,783,515
Add : Interest on convertibles (net of tax)	B	-	-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	407,549,574	882,783,515
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	153,761,096	140,339,963
Add : Shares deemed to be issued for no consideration in respect of :	E	12,032,333	25,453,467
Compulsorily convertible preference share capital	F	12,032,333	25,453,467
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	165,793,429	165,793,430
Diluted earnings per equity share (₹)		2.46	5.32
Face value per equity share (₹)		10.00	10.00



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

**A7 Financial Instruments**
**Disclosure of Financial Instruments by Category**

Financial instruments by categories	Note no.	31.03.2021			31.03.2020		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Trade receivables	3			10,912,797	-	-	10,953,018
Cash and cash equivalents	1			9,006,605	-	-	25,134,807
Other Bank Balances	2			352,606,179			352,606,179
<b>Total Financial Asset</b>				<b>372,525,582</b>	<b>-</b>	<b>-</b>	<b>388,694,004</b>
<b>Financial liability</b>							
Loans from Financial institutions	8			90,447,710	-	-	72,100,000
Trade Payables	7			6,141,246	-	-	7,394,282
Subordinated Debts	9			-			2,800,000
Other Financial Liabilities	10			619,634	-	-	11,265,447
<b>Total Financial Liabilities</b>				<b>97,208,590</b>	<b>-</b>	<b>-</b>	<b>93,559,730</b>

**A8 Disclosure pursuant to Ind AS 12 - "Income taxes"**

The major components of income tax expense for years ended 31 March 2021 and 31 March 2020 are :

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
<b>Current income Tax :</b>		
Current income tax charge	5,411,136	6,282,279
Adjustments of current tax of previous year		-
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	(798,992)	(336,751)
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	4,612,144	5,945,528
Current Tax and Deferred Tax - Equity		-
(Mention details of items directly charged to equity)		

**A9 Investor Education and Protection Fund**

The Company is not required to transfer any amount to Investor Education and Protection Fund.



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes accompanying the Consolidated Financial Statements for the year ended March 31, 2021

**25.1 Employee Benefit Plans**
**a) 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 recognised Rs. 4,89,998 /- (Year ended 31 March, 2020 Rs.4,89,283 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2020 Rs.NIL/-) 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.

**b) Defined Benefit Plans:-**

The Company offers Gratuity benefit to its employees:

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements:

Components of employer's expense (₹ in Thousands)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Current Service Cost	121	108
Interest cost	188	211
Expected return on plan assets	(560)	(573)
Actuarial Loss/(Gain)	(136)	41
Past Service Cost	1,185	2,576
Employer expense /(Income)	798	2,363

**Actual contribution and benefit payments for the year**

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Actual benefit payments	(435)	(39)
Actual contributions	-	3,052

**Net (asset) / liability recognised in the Balance Sheet**

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present value of defined benefit obligation	3,241	3,414
Fair Value of plan assets	10,625	10,411
Funded status [Surplus / (Deficit)]	7,384	6,997
Net liability/(asset) recognised in the Balance Sheet	(7,384)	(6,997)



Change in defined benefit obligations (DBO) during the year		
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Present Value of DBO at beginning of the year	3,414	3,052
Current Service Cost	121	108
Interest Cost	188	211
Benefits Paid	(435)	(39)
Actuarial Loss/(Gain)	(47)	82
Past Service Cost	-	-
Present Value of DBO at end of the year	3,241	3,414
Change in fair value of assets during the year		₹ in Thousands)
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Fair Value of plan assets at beginning of the year	10,411	6,784
Contributions by employer	-	3,052
Benefits paid	(435)	(39)
Expected return on plan assets	560	573
Actuarial Gain/(Loss)	89	41
Transfer in/(out) *	-	-
Fair Value of plan assets at end of the year	10,625	10,411
Actual return on plan assets	649	614
Expected employer contribution for the coming period	-	-
Composition of plan assets is as follows:		
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	97%	100%
Insurer managed funds* (Unit -Linked)	3%	0%

\* In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Actuarial Assumptions - Gratuity		
Particulars	Year ended 31 March 2021	Year ended 31 March 2020
Discount Rate	5%	5.5%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	5.5%	6.90%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees		3 years

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. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

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					
Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Present value of DBO	3,241	3,414	3,052	3,530	3,696
Fair value of plan assets	10,625	10,411	6,784	24,860	42,315
Funded status [Surplus/(Deficit)]	7,384	6,997	3,732	21,330	38,619
Experience adjustment on plan liabilities: (Gain)/Loss	(95)	(70)	(640)	1,106	(125)
Experience adjustment on plan assets: Gain/(Loss)	(54)	41	68	356	784

Actuarial Assumptions - Long Term Compensated absences			
Particulars		For the Year ended 31 March 2021	For the Year ended 31 March 2020
Discount rate		5.00%	5.5%
Expected return on plan assets		5.50%	6.9%
Salary escalation rate		10%	10%
Mortality rate		IALM2012-14 (Ult.)	IALM2012-14 (Ult.)
Attrition rate		5%	5%

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.

The above information is as certified by the actuary and relied upon by the auditors.

## 25.2 Segment Reporting:-

The Company does not have any business segments as at 31 March 2021 and 31 March 2020. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segmental Reporting".

## 23.5 Earnings per share

Particulars	For the year ended 31 March, 2021 ₹	For the year ended 31 March, 2020 ₹
Profit for the year	438,283,734	919,895,935
Less: Preference Dividend and tax thereon	30,734,160	37,112,420
Profit available to Equity Shareholders	407,549,574	882,783,515
Weighted average number of equity shares	140,339,963	140,339,963
Par value per share	10	10
Earnings per share - Basic and Diluted (Refer Note below)	2.90	6.29

Note: As conversion of convertible preference shares is anti dilutive in nature, the same has been ignored for computation of Diluted Earnings Per Share.



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)  
 Notes forming part of consolidated financial statements  
 Note 22 Additional information to the financial statements

**23.6 Deferred tax (liabilities) / assets**

Particulars	As at 31 March, 2021 ₹	As at 31 March, 2020 ₹
<u>Tax effect of items constituting deferred tax Liabilities</u>		
On difference between book balance and tax balance of fixed assets	212,225	(101,877)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for non performing assets		-
Provision for compensated absences	158,340	133,980
Provision for Fraud Cased and other Advances	3,077,678	2,617,148
Deferred tax assets	3,448,243	2,649,251

**22.1 Payment to Auditors comprise of**

(Amount in ₹)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Statutory audit fee	500,000	500,000
Other certification fee	-	-
Out of pocket expenses	-	-
	500,000	500,000
<b>22.2</b> Contingent liabilities and commitments (to the extent not provided for)		

Particulars	As at 31 March, 2021 ₹	As at 31 March, 2020 ₹
<b>i</b> Contingent liabilities		
(a) Disputed Income Tax demands from assessment year 2009-10 to 2013-14 under appeal pending before appellate/ assessing authorities. The management is of opinion that the above demands are not sustainable.	13,177,352	13,177,352
(b) The company had received a combined order relating to assessment years 2008-09 to 2011-12 from the Service Tax Authorities during the year. The order pertains to applicability of service tax on various items like income from services towards collection of loan assigned, group mentoring and monitoring charges and microfinance administration revenue (excluding additional penalty and interest , if any). The company had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appalete Tribunal (CESTAT)	27,140,516	27,140,516
© The Company received an order from ESI Authorities on ESI dues not paid on certain employee emoluments relating to financial years 2013-14. The management is of the opinion that the above demands are not sustainable.	1,648,644	1,648,644



Show cause notices received from Service tax department pending formal demand notices, have not been considered as contingent liabilities

Future cash outflows in respect of the above matters are determinable only on receipt of judgments / decisions pending at various forums / authorities.

ii Applicability of Kerala Money Lenders' Act.

The company is a member of Kerala Non- Banking Financial Companies Welfare Association which is a party to the proceedings pending in Supreme Court of India seeking exemption from the application of Kerala Money Lenders Act on NBFCs in Kerala. The Supreme Court has decided that status quo in the matter shall be maintained until resolution of the case, pending which no adjustments have been made in the financial statements for the required licence fee and security deposits, if any.

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

Particulars	As at 31 March, 2021 ₹	As at 31 March, 2020 ₹
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

22.4 Expenditure in foreign currency (accrual basis) (Amount in ₹)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Travelling and conveyance	-	-
Others	-	-
	-	-
Income in foreign currency :-		
Nature of Receipt	For the year ended 31 March 2021	For the year ended 31 March, 2020
Income from sale of Carbon Credit	-	-



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes forming part of consolidated financial statements

Note 24 Disclosures in accordance with RBI Guidelines

**22.5 Note on Corporate Social Responsibility Expenditure**

a) Amount Spent during the period 2020-21 on:				(Amount in ₹)
Particular	In Cash	Yet to be paid in Cash	Total	
Construction/acquisition of any asset	-	-	-	
On purposes other than above	-	-	-	

  

b) Amount Spent during the period 2019-20 on:				(Amount in ₹)
Particular	In Cash	Yet to be paid in Cash	Total	
Construction/acquisition of any asset	-	-	-	
On purposes other than above	-	-	-	

**24.1 Capital to Risk Assets Ratio (CRAR)**

Particulars	As at 31 March 2021	As at 31 March 2020
(i) CRAR (%)	21.46%	52.58%
(ii) CRAR - Tier I capital (%)	21.46%	52.33%
(iii) CRAR - Tier II Capital (%)	0.00%	0.25%
(iv) Amount of subordinated debt raised as Tier II capital (₹ in Crore)	0	0.28
(v) Amount raised by issue of Perpetual Debt Instruments	0	0

**24.2 Investments**

(₹ in Crore)

Particulars	As at 31 March 2021	As at 31 March 2020
1 Value of investments		
(i) Gross value of investments		
(a) In India	283.90	283.90
(b) Outside India		
(ii) Provision for diminution		
(a) In India		-
(b) Outside India		
(iii) Net value of investments		
(a) In India	283.90	283.90
(b) Outside India		



**ESAF Financial Holdings Private Limited**

(Formerly known as Esaf Microfinance and Investments Private Limited)

Notes forming part of consolidated financial statements

2 Movement of provisions held towards depreciation on investments	
(i) Opening balance	-
(ii) Add : Provision made during the year	-
(iii) Less: Write off/ write back of excess provisions during the year	-
(iv) Closing balance	-

**24.3 Derivatives**

The Company has no transactions/exposure in derivatives for the year ended 31 March 2021 and 31 March 2020.

The Company has no unhedged foreign currency exposure as on 31 March 2021 and 31 March 2020

**Note 24 Disclosures in accordance with RBI Guidelines**
**24.4 Disclosure relating to securitisations**

The Company has not entered into securitisation transactions in the current and previous year, hence disclosure relating to securitisation transactions is not applicable.

**24.5 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.

**24.6 Details of Assignment transactions undertaken**

The company has not undertaken any assignment transactions in the current and previous year.

**24.7 Details of non-performing financial assets purchased/ sold**

The company has not purchased/sold non performing financial assets in the current and previous year.

**24.8 Asset liability management**
**A. Maturity pattern of certain items of assets and liabilities as on 31st March 2021**

Particulars	(₹ in Crore)				
	Deposits	Advances	Investments *	Foreign currency Assets	Foreign currency liabilities
Upto 30 days	-	-	-	-	-
Over 1 month 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	-	-	283.90	-	-
Over 5 years	-	-	-	-	-
<b>Total</b>	-	-	<b>283.90</b>	-	-

\* net of provision for diminution in value of Investments



## B. Maturity pattern of certain items of assets and liabilities as on 31st March 2020

(₹ in Crore)						
Particulars	Deposits	Advances	Investments *	Foreign currency Assets	Foreign currency liabilities	
Upto 30 days	-	-	-	-	-	-
Over 1 month 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	-	-	283.90	-	-	-
Over 5 years	-	-	-	-	-	-
<b>Total</b>	-	-	283.90	-	-	-

## 24.9 Exposure

## (i) Exposure to Real Estate sector (Direct &amp; Indirect)

The Company does not have any direct or indirect exposure to real estate sector as on 31 March 2021 and 31 March 2020

## (ii) Exposure to Capital Market

The Company does not have any exposure to Capital Market as on 31 March 2021 and 31 March 2020

## 24.10 Details of financing of parent company products

The company does not distribute/ finance any products of holding/parent company

24.11 During the year ended 31 March, 2021 and 31 March, 2020, there are no unsecured advances for which intangible securities like rights, licences, authority etc. has been taken as collateral by the Company

## 24.12 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)

i. Ministry of Corporate Affairs

ii. Ministry of Finance (Financial intelligence Unit)

iii. Pension Fund Regulatory Development Authority of India (PFRDA) (As aggregator for NPS Swavalamban Scheme)

## 24.13 Disclosure of Penalties issued by RBI and other regulators

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

## 24.14 Concentration of Deposits, Advances, Exposures and NPAs

There are no exposures of Deposits, Advances, Exposures and NPAs as at 31st March 2021 & 31st March 2020.



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24.15 Sectorwise NPAs

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The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence disclosure relating to sectorwise NPA is not applicable.

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24.16 Asset Classification and Provisioning:-

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The Company does not have any outstanding Non Performing Advances during current year and previous year. Hence the disclosure relating to Non performing advances is not applicable.

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Notes referred to above form an integral part of Balance sheet. As per our report of even date attached.

**A. John Moris & Co.,**  
Chartered Accountants,  
ICAI Firm Reg.No. 007220 S

**For and on Behalf of the Board**

Sd/-  
**G. Kumar**  
Senior Partner  
M.No.: 023082

Place: Thrissur  
Date: 01.09.2021

Sd/-  
**Mereena Paul**  
Chairperson & Managing Director  
DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
Chief Financial Officer

Sd/-  
**Vikraman Ampalakkat**  
Director  
DIN:01978341

Sd/-  
**Vishakh**  
Company Secretary



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**

 Notes forming part of consolidated financial statements  
 Note 24 Disclosures in accordance with RBI Guidelines

24.21	Disclosure of frauds reported during the year ended 31 March, 2019 vide DNBS PD.CC.NO. 256/03.10.042/2011-12 dated 02 March,2012		
	No frauds have been reported during the current and previous year.		
24.22	Information on Net Interest Margin		
	The Company does not have income from Financing activity in the current and previous year. Hence disclosure relating to Net Interest Margin is not applicable		
24.23	Disclosure of Customer Complaints		
	Particulars	31-Mar-21	31-Mar-20
	No of complaints pending at the beginning of the year	-	-
	No of complaints received during the year	-	-
	No of complaints redressed during the year	-	-
	No. of complaints pending at the end of the year	-	-
	The above information is as certified by the Management and relied upon by the auditors.		
24.24	Details of Overseas Assets - Nil (Previous Year-Nil)		
24.25	Sponsored SPVs - Nil (Previous Year-Nil)		
24.26	Disclosure of details as required under Clause No. 19 of Master Direction- Core Investments Companies (Reserve Bank ) Direction, 2016.		
	(a) Provisions as per CIC Guidelines- As the Company is not engaged in the business of financing, it has not provided any loans/ advances and therefore related disclosures of classification as standard asset,sub standard assets, doubtful and loss assets are not applicable to the Company.		
	(b) Exposure to real estate sector, both direct and indirect- Nil		
	(c) Maturity pattern of assets and liabilities.		

As at March 31, 2021

(₹ in Crore)

Particulars	Liabilities		Assets	
	Borrowings from Banks and others	Advances	Investments	
Upto 30 days	0.00	-	-	
Over 1 month upto 2 months	0.00	-	-	
Over 2 months upto 3 months	0.00	-	-	
Over 3 months & upto 6 months	0.00	-	-	
Over 6 months & upto 1 year	9.04	-	-	
Over 1 year & upto 3 years	0.00	-	-	
Over 3 years & upto 5 years	-	-	-	283.90
Over 5 years	-	-	-	0.00



Total	9.04	-	283.90
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As at March 31, 2020 (₹ in Crore)

Particulars	Liabilities		Assets
	Borrowings from Banks and others	Advances	Investments
Upto 30 days	0.00	-	-
Over 1 month upto 2 months	0.00	-	-
Over 2 months upto 3 months	0.10	-	-
Over 3 months & upto 6 months	0.00	-	-
Over 6 months & upto 1 year	7.21	-	-
Over 1 year & upto 3 years	0.28	-	-
Over 3 years & upto 5 years	-	-	501.19
Over 5 years	-	-	0.00
Total	7.59	-	501.19

24.27 Disclosure as required under Annexure I of Master Direction- Core Investments Companies (Reserve Bank), Direction, 2016.

Schedule to the Balance Sheet of non- deposit taking Core Investments Company

As at March 31, 2021 (₹ in Crore)

1	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
	(a) Debentures: Secured	-	-
	: Unsecured	-	-
	(Other than falling within the meaning of public deposits*)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	9.04	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)	-	-
	* Please see Note 1 below		

As at March 31, 2020 (₹ in Crore)

	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount Overdue
	(a) Debentures: Secured	-	-
	: Unsecured	0.28	-
	(Other than falling within the meaning of public deposits*)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	7.21	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Other Loans (specify nature)	-	-
	* Please see Note 1 below		



(₹ in Crore)			
2	Assets side:	As at March 31, 2021	As at March 31, 2020
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below:		
	(a) Secured	-	-
	(b) Unsecured	-	-
(₹ in Crore)			
3	Break Up of Leased Assets and stock on hire and other assets counting towards AFC activities	As at March 31, 2021	As at March 31, 2020
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(a) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
(₹ in Crore)			
4	Break-up of Investments	As at March 31, 2021	As at March 31, 2020
	Current Investments		
	1. Quoted :		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	Long Term Investments:		
	1. Quoted :		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-



(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)		
2. Unquoted:		
(i) Shares (a) Equity	501.19	475.41
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (Please specify)	-	-

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

As at March 31, 2020

(₹ in Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
Total	-	-	-

As at March 31, 2020

(₹ in Crore)

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
Total	-	-	-

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

As at March 31, 2021

(₹ in Crore)

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties [Refer Note 2 below]		
(a) Subsidiaries	501.19	283.90
(b) Companies in the same group	-	-
(c) other related parties	-	-
2. Other than related parties	-	-
Total	501.19	283.90



As at March 31, 2020		(₹ in Crore)	
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties [Refer Note 2 below]			
(a) Subsidiaries	475.41	283.90	
(b) Companies in the same group	-	0	
(c) other related parties	-	0	
2. Other than related parties	-	0	
Total	475.41	283.90	

7 Other Information		(₹ in Crore)	
Particulars	As at March 31, 2021	As at March 31, 2020	
(i) Gross Non-Performing Assets	-	-	
(a) Related Parties	-	-	
(b) Other than related parties	-	-	
(ii) Net Non-Performing Assets	-	-	
(a) Related Parties	-	-	
(b) Other than related parties	-	-	
(iii) Assets acquired in satisfaction of debt	-	-	

## Notes:

- As defined in Core Investments Companies (Reserve Bank) Directions, 2016
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, break up in respect of unquoted investments has been disclosed irrespective of whether investments are classified as Long Term or current in (4) above.

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

Notes referred to above form an integral part of Balance sheet. As per our report of even date attached.

**A. John Moris & Co.,**  
Chartered Accountants,  
ICAI Firm Reg.No. 007220 S

## For and on Behalf of the Board

Sd/-  
**G. Kumar**  
Senior Partner  
M.No.: 023082

Place: Thrissur  
Date: 01.09.2021

Sd/-  
**Mereena Paul**  
Chairperson & Managing Director  
DIN:02228087

Sd/-  
**Sunil G Nampoothri**  
Chief Financial Officer

Sd/-  
**Vikraman Ampalakkat**  
Director  
DIN:01978341

Sd/-  
**Vishakh**  
Company Secretary



**Registered Office :**

No. 8/9, Mansuk Buildings, Flat No. 3A,  
3rd Floor, Gangadeeswara Koil St.,  
Purasawalkam, Chennai, Tamil Nadu. 600 084

**Corporate Office :**

Hepzibah Complex, Mannuthy P.O.,  
Thrissur, Kerala - 680 651

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