

# Scripting a success story amidst tough times

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**ANNUAL REPORT 2021-22**



Formerly ESAF Microfinance &  
Investments (P) Ltd.





## **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.

## CORPORATE INFORMATION

Registered & Corporate Office	: No. X/109/M4, Second Floor, Hephzibah Complex, Mannuthy P.O, Thrissur, Kerala – 680651
CIN	: U65910KL1996PTC077288
RBI Registration Number	: B-07-00652

## OUR INVESTORS



## OUR BANKERS



# THE JOURNEY OF ESAF 1992 - 2022

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 Chhattisgarh	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 S+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) MFI 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
2014	2014	2015	2015	2015	2015
					
Rated mFR2 by CRISIL Ratings	Launches Ultra Poor Program in Jharkhand	ESAF Launched Loans for Individuals	ESAF Launched Lahanti Institute of Multiple Skills in Jharkhand	Rated A- by Brickwork Ratings a premier rating agency.	ESAF Quarterly Newsletter 'Lahant' wins NIB Award among corporate journals in India.

<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 MFI 1 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 MFI 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>2018</p>  <p>ESAF Small Finance Bank becomes the FIRST bank from India to become member of Global Alliance for Banking on Values</p>	<p>2018</p>  <p>ESAF Small Finance Bank among the finalists to the prestigious European Microfinance Award</p>	<p>2019</p>  <p>ESAF Small Finance Bank wins the Economic Times Best BFSI Brand 2019 Award</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 Microfinance 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>	<p>2020</p>  <p>ESAF Small Finance Bank wins Energy &amp; Environment Foundation Global Sustainability Award</p>	<p>2020</p>  <p>ESAF Small Finance Bank Business Crosses Rs. 10,000 Crores</p>	<p>2020</p>  <p>ESAF Small Finance Bank receives Great Place to Work Certification</p>	<p>2021</p>  <p>ESAF Small Finance Bank initiates LSEDP training in 250 Panchayats of Kerala in partnership with NABARD</p>
<p>2022</p>  <p>ESAF Celebrates 30 years Social Service</p>	<p>2022</p>  <p>ESAF Small Finance Bank spreads its wings to 23 States of India with over 55,00,000 Customer base</p>	<p>2022</p>  <p>Mrs. Mereena Paul won TMA Award for Best Woman Manager</p>	<p>2022</p>  <p>ESAF Financial Holdings (P) Ltd. shifted its Registered Office from Tamil Nadu to Kerala</p>		

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## BOARD OF DIRECTORS



**MRS. MEREENA PAUL**  
(CO-FOUNDER, CHAIRPERSON & MANAGING DIRECTOR)



**MR. VIKRAMAN AMPALAKKAT**



**MR. SANEESH SINGH**



**MR. R. V. DILIP KUMAR**



**MRS. PHILOMINA**



**MR. ABRAHAM THARIYAN**



**MS. K. C. RANJANI**



**MRS. EMY ACHA PAUL**

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Chief Financial Officer  
Company Secretary  
Statutory Auditors

: Mr. K. Krishnakumar  
: Ms. Minu Santhosh  
: M/s A. John Moris & Co.

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## MESSAGE FROM THE CHAIRPERSON AND MANAGING DIRECTOR



Dear Shareholders,

The past financial year has been a year of growth and recovery for all organisations across the world and I am glad to report that we too have delivered a good performance. The post-pandemic recovery is very evident across the global economic landscape and the Indian economy too has slowly, but steadily, regained its pace of growth. The GDP growth rate of 13.50% for the first quarter of financial year 2023, is indeed a positive sign that heralds a year of progress and development, particularly for segments such as banking and financial services, tourism etc.

As an investment company, we have registered a steady

growth over the past year. Our total revenue for the financial year 2021-2022, stood at 500.09 lakh and we registered a profit of 83.11 lakh in the year. ESAF Small Finance Bank Limited (ESAF SFB), the organisation that we promote also had an increase in its operating profit. As of the past year, ESAF SFB has successfully expanded its operations to 21 states and 2 union territories. The number of branches has increased from 550 branches in the previous year to 575 branches in the current year. As a promoter, it is indeed a matter of great pride for us to witness the growth and the overall performance of the bank.

As you know, at the core, we are a social enterprise striving for the betterment of society. Though the pandemic wave has almost subsided, its impact on the lives of the common man is still very prominent. We undertook numerous activities in the past year to reduce the effects of the pandemic, aligning with the government's mitigating efforts.

Our investors are our pillars of strength, I would like to take this opportunity to thank all our investors, in particular, ESAF Swasraya Multi-State Agro Cooperative Society, Dia Vikas Capital and SIDBI venture- Samridhi Fund, other individual shareholders, the regulators, the Auditors, employees and other stakeholders of the company for the continued and sincere support they have been extending since the beginning of our operations. I also extend my gratitude to our investee company, ESAF SFB and its management team for always delivering their best and achieving admirable progress during the year. Our Board of Directors deserves a special mention for the invaluable support they always provide. I express my heartfelt thanks to every member of the board. Let us strive together to make great strides in our sector and make our mark as both an investment company and a social enterprise.

Thanking you with prayers.

**Mereena Paul**

Chairperson & Managing Director



## SPREADING THE FRAGRANCE OF SUCCESS!



### **Krishnaveni Coimbatore, Tamil Nadu**

**K**rishnaveni is an aspiring businesswoman residing in Coimbatore's Thudiyalur region. Her husband and three children make up her family. She established her agarbatti business in 2017 and has successfully run it for five years. Varadaraj, her husband, was into the business of iron casting for more than twenty years. Combining their experience, together, they established SEE VENI castings, a separately registered business

Krishnaveni has now employed five women in her agarbatti manufacturing unit. Her husband extends his support by assisting her with the marketing and bookkeeping of business. Krishnaveni obtained an MEL of Rs. 1.25 lakh from ESAF Small Finance Bank in February 2021. With this money, she purchased a machine to streamline the agarbatti-making process. They can now produce more agarbattis than was previously possible through daily manual

labour. The business volume has doubled, and the company has received bulk orders from neighbouring states. Her agarbattis are on par with the leading names in the market, thanks to their unique and appealing packaging and quality. "It's humbling to see how quickly we've grown, thanks to ESAF SFB's support. I'm hoping to begin training some of my best employees to become managers in the near future," Krishnaveni said.

With the loan she obtained from ESAF SFB, Krishnaveni has invested prudently in both her own and her husband's businesses. The loan enabled them to purchase new equipment and expand their workforce. They intend to further expand by opening additional branches and boosting employment opportunities for local residents. "Without the financial services provided by ESAF SFB, we would not be where we are today," Krishnaveni explained.



# REBIRTH OF A TASTY RECIPE!



## Hakeem Thrissur, Kerala

Hakeem owns a small restaurant in Thrissur's Mannuthy district. He is married and has four children. Hakeem was concerned about his family's survival, as they had been devastated by the loss of business due to COVID-19. Hakeem approached the Mannuthy branch of ESAF Small Finance Bank after learning that the bank has been offering loans to small businesses. On submission of the required papers, his loan application was approved and ESAF SFB extended a Vyapar Vikas Yojana (VVY) loan to Hakeem in order to help him strengthen his business.

After the lockdowns were lifted and COVID-19 restrictions were relaxed, Hakeem noticed a return of regular clients as well as some new ones. "I owe a debt of gratitude to ESAF Bank for enabling me to reopen my hotel," he said. As they were getting busier, Hakeem's wife began assisting him with food preparation.

Additionally, they began serving special delicacies. Hakeem is committed to making his hotel affordable to individuals of all backgrounds; "I have kept my pricing very low to ensure that everyone can afford it, as I am aware that many poor people are suffering financially due to COVID-19," he stated.

Hakeem currently has a Savings Account and recently opened a Recurring Deposit Account with ESAF SFB. With a consistent income, he is now saving a portion of his earnings to invest in his children's education. "I am quite satisfied with the service provided by ESAF Bank. Loans are critical for small vendors like me, especially when we would not otherwise qualify for a bank loan," he concluded. ESAF SFB has full faith in Hakeem's abilities. We think that everyone deserves the right to be treated with dignity and respect, regardless of how large or small their business is.



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





### ESAF Financial Holdings Private Limited

CIN: U65910KL1996PTC077288

Registered & Corporate Office: No. X/109/M4, Second Floor,  
Hephzibah Complex, Mannuthy P.O, Thrissur, Kerala – 680651

NOTICE is hereby given that the 26th ANNUAL GENERAL MEETING of the members of ESAF FINANCIAL HOLDINGS PRIVATE LIMITED will be held on Wednesday, 28th September, 2022 at 03.00 P.M. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as on 31st March 2022, 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.
2. To declare a dividend on preference shares.

#### SPECIAL BUSINESS

3. Appointment of Smt. Kolasseril Chandramohan Ranjani (DIN: 01735529) as 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, 161 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Smt. Kolasseril Chandramohan Ranjani, holding DIN: 01735529, and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted declaration that she 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 30th November, 2021 and whose office shall not be liable to retire by rotation."

4. Appointment of Shri. Vikraman Ampalakkat (DIN: 01978341) as the Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 161 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and 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), and provisions of the Articles of Association of the Company, Shri. Vikraman Ampalakkat (DIN: 01978341) 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 Director of the Company, with effect from 28th September, 2022 and whose office shall not be liable to retire by rotation."

By the order of the Board

**Minu Santhosh**

Place: Thrissur

Company Secretary

Date: 01 September, 2022

Membership No: A62382

## NOTES:

1. The Ministry of Corporate Affairs ('MCA') has vide its General circular dated 5 May 2022 read with circulars dated 5 May 2020, 13 January 2021, 8 December 2021 and 4 December 2021 (collectively referred to as 'MCA Circulars') and SEBI circular dated 12 May 2020 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 Registered 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: 2511 868 0876

Meeting Access Link: <https://esafbank.webex.com/esafbank/j.php?MTID=md11a69ac28d71baf862221e05aee a6c7>

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 [minu.santhosh@esafholdings.com](mailto:minu.santhosh@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 02:45 PM to 03:15 PM.
9. The Statutory Registers maintained by the Company is available for inspection to members at the registered office of the Bank 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 [minu.santhosh@esafholdings.com](mailto:minu.santhosh@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 [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com) before 5:30 PM IST on 27th September, 2022 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 [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com).
14. Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by sending an email to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com) before 05:30 PM IST on 27th

September, 2022 mentioning their name, demat account no./Folio no., e-mail Id, mobile number, etc. Please note that only questions of the members holding the shares as on cut-off date will be considered.

15. Members who need technical assistance before or during the Twenty Sixth AGM can contact the Company at [minu.santhosh@esafholdings.com](mailto:santhosh@esafholdings.com) or helpline – 9072045500.

## **EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 3 – Appointment of Smt. Kolasseril Chandramohanan Ranjani (DIN: 01735529) as Independent Director of the Company**

Smt. Kolasseril Chandramohanan Ranjani (DIN: 01735529) was appointed as an Additional Director (Independent Director) of the Company with effect from 30th November, 2021, by the Board of Directors of the Company in the meeting held on 30th November, 2021 in compliance with the provisions of the Companies Act, 2013 and the guidelines of the Reserve Bank of India.

In terms of Section 161 of the Companies Act, 2013, she holds office upto the date of the 26th Annual General Meeting of the Company. Based on the recommendations of the Nomination and Remuneration Committee of the Board (NRCB) and in compliance with the provisions of Sections 149, 152 of the Companies Act, 2013, the rules framed there under read with Schedule IV to the Companies Act, 2013, the directions of the Reserve Bank of India and the Nomination Policy of the Company, the Board of Directors of the Company decided to accord its recommendation to the members of the Company to appoint Smt. K. C. Ranjani (DIN: 01735529) as an Independent Director of the Company in the 26th Annual General Meeting of the Company for a term not exceeding 3 consecutive years commencing from the date of initial appointment as Additional Director by the Board. The period of office of Smt. K. C. Ranjani as the Independent Director of the Company shall not be liable to determination by retirement of directors by rotation at every Annual General Meeting.

Smt. Kolasseril Chandramohanan Ranjani is a graduate in Science from University of Kerala and has a Post-Graduation in Bank Management from Cochin University of Science and Technology, Ernakulam. She is having experience in specialized fields of Management of MFI and other NBFCs and has an experience of over 30 years and has served on the Boards of many of the leading Micro Finance Institutions

and Investment Companies in India. Besides, she held a senior management position with SIDBI (Small Industries Development Bank of India, the apex Bank for Financing and Development of the MSME sector in India), where she served as a core team member in creating SIDBI's pioneering and powerful microfinance program in close collaboration with DFID, UK and IFAD, Rome, resulting in the mainstreaming of the microfinance sector in India.

In terms of the provisions of the Companies Act, 2013, Smt. Kolasseril Chandramohanan Ranjani has submitted requisite consent(s)/ disclosures before the Board including the consent to act as director, meeting of independence criteria etc. The Company has also received an intimation from Smt. K. C. Ranjani in Form DIR-8 to the effect that she is not disqualified and further confirmed that she is also not debarred by any statutory authority to be appointed as a Director in any Company. The NRCB and the Board has also confirmed that Smt. K. C. Ranjani complies with the fit and proper norms of RBI, provisions of Companies Act, 2013 and the Policies of the Company, for being appointed as an Independent Director on the Board of the Company.

In the opinion of the Board, Smt. Kolasseril Chandramohanan Ranjani meets the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013 and rules framed thereunder and that she is independent of the management. Smt. K. C. Ranjani is entitled to sitting fees for attending the meetings of the Board and its Committee(s).

Considering the knowledge, background, experience and expertise of Smt. Kolasseril Chandramohanan Ranjani, the Nomination and Remuneration Committee of the Board and the Board of Directors of the Company are of the view that the appointment of Smt. K. C. Ranjani as an Independent Director shall be of immense benefit to the Company. Therefore, the Board recommends Resolution No. 3 as an Ordinary Resolution for approval by the Members.

None of the Directors or Key Managerial Personnel of the Company, is concerned or interested in Item No.3 as specified in the Notice.

## Disclosures as per Secretarial Standards

Name of the proposed Director	Smt. Kolasseril Chandramohanan Ranjani			
Age	64 Years			
Qualification	<ul style="list-style-type: none"> <li>• Master Of Bank Management (MBM) From Cochin University Of Science &amp; Technology, Ernakulam, Kerala, India (1980)</li> <li>• Bachelor of Science from University of Kerala (1978)</li> </ul>			
Expertise in specific functional areas	• Management of MFI and other NBFCs			
Experience	<b>Sl. No.</b>	<b>Name of the Organization</b>	<b>Designation</b>	<b>Period of Employment</b>
	1	Midairy Innovation Private Limited	Midairy Innovation Private Limited	August 2020 - Present
	2	Habitat For Humanity India	Habitat For Humanity India	May 2017 - July 2020
	3	Self Employed	Self Employed	May 2015 - April 2017
	4	Dia Vikas Capital Pvt. Ltd (a subsidiary of opportunity International Australia In India)	Dia Vikas Capital Pvt. Ltd (a subsidiary of opportunity International Australia In India)	November 2017 - April 2015
	5	Opportunity International Australia (OIA)	Opportunity International Australia (OIA)	
	6	Microsave India	Microfinance Specialist	
7	Small Industries Development Bank of India (SIDBI)	Retired as Deputy General Manager, SIDBI Hyderabad	April 1990 - August 2005	
Terms and Conditions of appointment	Appointing as Independent Director for a period of 3 years and not liable to retire by rotation.			
Details of remuneration sought to be paid	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees.			
Remuneration last drawn	NIL			
Date of First appointment on the Board	30.11.2021			
Shareholding in the Company	NIL			
Relationship with other Directors, Manager and other Key Managerial Personnel	NIL			
Number of meetings of the Board attended during the year.	1			
Directorships held in other companies	NIL			

## Memberships/ Chairmanship of Committees of other Companies

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

**Item No. 4 – Appointment of Shri. Vikraman Ampalakkat (DIN: 01978341) as the Director of the Company**

Shri. Vikraman Ampalakkat (DIN: 01978341) was appointed as an Additional Director of the Company with effect from 30th November, 2021, by the Board of Directors of the Company in the meeting held on 30th November, 2021 in compliance with the provisions of the Companies Act, 2013.

In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of the 26th Annual General Meeting of the Company. Based on the recommendations of the Nomination and Remuneration Committee of the Board (NRCB) and in compliance with the provisions of the Companies Act, 2013, the rules framed there under read with Schedule IV to the Companies Act, 2013, the directions of the Reserve Bank of India and the Nomination Policy of the Company, the Board of Directors of the Company decided to accord its recommendation to the members of the Company to appoint Shri. Vikraman Ampalakkat (DIN: 01978341) as a Director of the Company in the 26th Annual General Meeting of the Company commencing from the date of initial appointment as Additional Director by the Board.

Shri. Vikraman Ampalakkat is a graduate in Science from the University of Kerala (1968). 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 various Companies like Muthoot Finance Ltd, Samastha Microfinance Ltd., etc. He joined the Company as Director

on September 30, 2008. He was re designated as the Independent Director of the Company on September 28, 2014 and retired from the Board on September 28, 2021.

In terms of the provisions of the Companies Act, 2013, Shri. Vikraman Ampalakkat (DIN: 01978341) has submitted requisite consent(s)/ disclosures before the Board including the consent to act as director. The Company has also received an intimation from Shri. Vikraman Ampalakkat in Form DIR-8 to the effect that he is not disqualified and further confirmed that he is also not debarred by any statutory authority to be appointed as a Director in any Company. The NRCB and the Board has also confirmed that Shri. Vikraman Ampalakkat complies with the fit and proper norms of RBI, provisions of Companies Act, 2013 and the Policies of the Company, for being appointed as the Director on the Board of the Company. Shri. Vikraman Ampalakkat is entitled to sitting fees for attending the meetings of the Board and its Committee(s).

Considering the knowledge, background, experience and expertise of Shri. Vikraman Ampalakkat the Nomination and Remuneration Committee of the Board and the Board of Directors of the Company are of the view that the appointment of Shri. Vikraman Ampalakkat as the Director shall be of immense benefit to the Company. Since the Director has attained the age of 75 years, the Board recommends Resolution No. 4 as 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.

**Disclosures as per Secretarial Standards**

Name of the proposed Director	Shri. Vikraman Ampalakkat			
Age	75 Years			
Qualification	Bachelor of Science from University of Kerala. (1968)			
Expertise in specific functional areas	Priority sector lending, microfinance, developmental projects, SME lending and Project Finance			
Experience	<b>Sl. No.</b>	<b>Name of the Company</b>	<b>Designation</b>	<b>Original date of appointment</b>
	1	IIFL Samasta Finance Limited	Director	26/06/2009
	2	Muthoot Fincorp Limited	Director	21/10/2007
	3	Saggraha Management Services Private Ltd	Director	27/02/2018
Terms and Conditions of appointment	Appointing as Director and not liable to retire by rotation.			

Details of remuneration sought to be paid	No remuneration will be paid except Sitting Fees for attending meetings of the Board and Committees.
Remuneration last drawn	NIL
Date of First appointment on the Board	30.09.2008
Shareholding in the Company	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel	NIL
Number of meetings of the Board attended during the year.	1
Directorships held in other companies	3

#### Memberships/ Chairmanship of Committees of other Companies

Sl. No.	Name of the Company	Board Committees in which he/she is a member	Board Committees in which he is a Chairperson
1	Muthoot Fincorp Limited	Audit Committee of Board	-
		Nomination & Remuneration Committee of Board	Chairman
		CSR Committee	Chairman
		Stakeholder Relationship Committee	-
		IT Strategy Committee	Chairman
2	IIFL Samasta Finance Limited	Audit Committee of Board	-
		Nomination & Remuneration Committee of Board	-
		Stakeholder Relationship Committee	-
3	Saggraha Management Services Private Limited	Audit Committee of Board	Chairman
		Nomination & Remuneration Committee of Board	Chairman



# DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2021-22

To,

The Members,

Your directors have pleasure in presenting the Twenty Sixth Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended 31st March, 2022.

## 1. Financial Highlights

The summary of the Company's financial performance both on a Consolidated and Standalone basis for FY 2021-22 compared to the previous year, FY 2020-21 is given below:

Particulars	Standalone Amount (₹ in Lakhs)		Consolidated Amount (₹ in Lakhs)	
	2021-22	2020-21	2021-22	2020-21
Total revenue	500.09	532.50	500.09	532.50
Total Expenses	362.03	316.79	362.03	316.80
Share of Profit/(Loss) of Associate Company	-	-	(968.23)	4213.25
Profit (Loss) before Extra-Ordinary items and taxation	138.06	215.71	(830.17)	4428.95
Tax Expenses	54.95	46.12	54.96	46.12
Profit (Loss) from continuing operations (A)	83.11	169.59	(885.12)	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	-	-	(7040.17)	(1635.40)
Profit for the year (A+B)	83.11	169.59	(7925.30)	2747.43

## 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.

Nature of Security	Rate of Dividend	Amount to be paid (₹)
1% Compulsorily Convertible Preference Shares	1%	18,04,850

With a view to preserve its reserves, the Directors do not recommend any Dividend on Equity Shares for the financial year ended March 31, 2022.

## 3. Amounts Transferred to Reserves

During the year under review, your Company has transferred an amount of Rs.16,62,217/- out of profit after tax for the year to the statutory reserve.

## 4. Capital Adequacy

The Capital Adequacy Ratio of the Company stands at 94.05% as of March 31, 2022 as against the minimum capital adequacy requirements of 15% 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 2022 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 year under review, no change has been made in the Paid-up Share capital of the Company. The Paid-up Share Capital of the Company stood at Rs.1718.09 million as on 31st March 2022.

## 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.

The members of the Company had approved the shifting of the registered office of the Company from the state of Tamil Nadu to the state of Kerala. In this regard, the Company filed necessary applications to the Reserve Bank of India and the Regional Director. The Company received the Order from the Regional Director, approving the shifting of registered office to state of Kerala on 15th June, 2022. And the approval from the Registrar of Companies for shifting the Registered Office of the Company to X/109/M4, Second Floor, Hephzibah Complex, Mannuthy, Thrissur, Kerala - 680651 was received on 10th August, 2022.

## 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 2021-22. 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

In accordance with the terms and conditions of the grant of

Small Finance Bank (SFB) license to M/s ESAF Small Finance Bank Limited (the Bank), the Bank promoted by the Company, is required to list its shares within three years from the date of reaching a net-worth of Rs.500 Crores.

To carry forward the objective of listing, the Board of Directors and Shareholders of the Bank had decided to undertake an Initial Public Offering by offering Equity Shares aggregating up to 9,977.80 million comprising a fresh issue aggregating up to 8,000.00 million and an Offer for Sale aggregating up to 1,977.80 million. The Draft Red Herring Prospectus (DRHP) was filed with the Securities and Exchange Board of India on 25th July, 2021 and SEBI has issued its observation letter on 20th October, 2021.

## 9. Board meetings

During the Financial Year 2021-22, the Board of Directors of the Company met six (6) times on 14th June 2021, 26th June 2021, 01st September 2021, 08th September 2021, 30th November 2021 and 24th February 2022.

## 10. Directors and Key Managerial Personnels (KMPs)

As on the Financial year end date 31st March 2022, the Board of Directors of the Company comprises of Eight (8) directors. The list of Directors and the Key Managerial Personnel as on 31st March 2022 is as given below:

Sl.No	Name of Director/ Key Managerial Person	Designation
1.	Mrs. Mereena Paul	Chairperson and Managing Director
2.	Mr. Abraham Thariyan	Independent Director
3.	Ms. Kolasseril Chandramohan Ranjani	Additional Director (Independent)
4.	Mr. Vikraman Ampalakkat	Additional Director
5.	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
6.	Mr. Saneesh Singh	Nominee Director
7.	Mrs. Philomina	Nominee Director
8.	Mrs. Emy Acha Paul	Nominee Director
9.	Mr. Krishnasadan Krishnakumar	Chief Financial Officer
10.	Ms. Minu Santhosh	Company Secretary

### Change in Directors and Key Managerial Personnel

The changes in the Board of Directors and KMP's of the Company during the year under review is given below:

Sl. No	Name of Director/ Key Managerial Person	Designation	Nature of Change	Date of Change
1.	Mrs. Mereena Paul	Chairperson and Managing Director	Re-appointment	10th March 2022
2.	Mr. Vikraman Ampalakkat	Additional Director	Appointment	30th November 2021
3.	Ms. Kolasseril Chandramohan Ranjani	Additional Director (Independent)	Appointment	30th November 2021
4.	Mrs. Emy Acha Paul	Nominee Director	Appointment	30th November 2021
5.	Mr. Vikraman Ampalakkat	Independent Director	Retirement	28th September 2021
6.	Mr. Abraham Thariyan	Independent Director	Appointment	08th September 2021
7.	Ms. Minu Santhosh	Company Secretary	Appointment	10th December 2021
8.	Mr. Vishakh	Company Secretary	Resignation	04th December 2021
9.	Mr. Krishnasadan Krishnakumar	Chief Financial Officer	Appointment	01st November 2021
10.	Mr. Sunil Ganapathi Nampoothiri	Chief Financial Officer	Resignation	31st October 2021

Shri. Saneesh Singh ceases to be the Nominee Director with effect from 11th July, 2022 due to withdrawal of nomination by the investor.

The Board of Directors of the Company in its meeting held on 30th November, 2021, had appointed Smt. Kolasseril Chandramohan Ranjani (DIN: 01735529) as Additional Director (Independent) and Shri. Vikraman Ampalakkat (DIN: 01978341) as Additional Director, who shall hold office till the ensuing 26th Annual General Meeting.

Based on the recommendation of Nomination and Remuneration Committee of the Board, the Board had recommended for approval of the members the appointment of Smt. Kolasseril Chandramohan Ranjani (DIN: 01735529) as Independent Director, in terms of Section 149 of the Companies Act, 2013 for three consecutive years with effect from 30th November, 2021 and appointment of Shri. Vikraman Ampalakkat (DIN: 01978341) as Director of the Company, in terms of Section 152 of the Companies Act, 2013, with effect from the date of ensuing Annual General Meeting of the Company. The proposal for the appointment of Directors of the Company is being placed for consideration of the shareholders of the Company.

### 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, 2022, 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, 2022 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: 007220S) 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 Nineth 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 2021-22 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 2021-22 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 2021-22.

#### **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 Group Risk Management Committee, 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 have been 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.

For and on behalf of the Board of Directors

Sd/-

**Mereena Paul**

Chairperson & Managing Director

DIN: 02228087

Place: Thrissur

Date: 01st September, 2022

## 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 2021-22, the Company has not received any complaints on sexual harassment.

## 30. Green Initiatives

Electronic copies of the Annual Report for the Financial Year 2021-22 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.

Sd/-

**Abraham Thariyan**

Director

DIN: 07132831

# 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:

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

Sl. No	Particulars	
1.	Name of the Associate	ESAF Small Finance Bank Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable
4.	Share capital	44,947
5.	Reserves and surplus	67,952
6.	Total assets	17,21,198
7.	Total Liabilities	16,08,299
8.	Investments	4,02,282
9.	Turnover	2,07,785
10.	Profit before taxation	-1643
11.	Provision for taxation	-94
12.	Profit after taxation	-1549
13.	Proposed Dividend	NIL
14.	Extent of shareholding (in percentage)	62.464%

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

1. Names of Associates or Joint Ventures which are yet to commence operations: NIL

2. 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 31st March, 2022

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

#### I. Registration and other Details:

i	CIN	U65910KL1996PTC077288
ii	Registration Date	27/09/1996
iii	Name of the Company	ESAF Financial Holdings Private Limited
iv	Category / Sub-Category of the Company	Private Limited Company
v	Address of the Registered office and contact details	X/109/M4, Second Floor, Hephzibah Complex, Mannuthy, Thrissur, Kerala - 680651 Mob: +91 9072045500 Email: minu.santhosh@esafholdings.com
vi	Whether listed company	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)

### ii) 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	% of Total Shares	
<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>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>
<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	11.17 %	-	1,71,76,230	1,71,76,230	11.17 %	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>17,176,230</b>	<b>17,176,230</b>	<b>11.17 %</b>	<b>-</b>	<b>17,176,230</b>	<b>17,176,230</b>	<b>12.24 %</b>	<b>-</b>
2. Non-Institutions									
a) Bodies Corp.	-								
i) Indian	-	3,13,63,333	3,13,63,333	20.40 %	-	3,13,63,333	3,13,63,333	20.40 %	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹. 1 lakh	-	105,000	105,000	0.07%	-	105,000	105,000	0.07%	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	18,24,426	18,24,426	1.19%	-	18,24,426	18,24,426	1.19%	-
c) Others	-	10,32,57,207	10,32,57,207	67.15%	-	10,32,57,207	10,32,57,207	67.15 %	-
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>13,65,49,966</b>	<b>13,65,49,966</b>	<b>88.81%</b>	<b>-</b>	<b>13,65,49,966</b>	<b>13,65,49,966</b>	<b>88.81 %</b>	<b>-</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>-</b>	<b>15,37,26,196</b>	<b>15,37,26,196</b>	<b>99.98%</b>	<b>-</b>	<b>15,37,26,196</b>	<b>15,37,26,196</b>	<b>99.98%</b>	<b>-</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>-</b>	<b>15,37,61,096</b>	<b>15,37,61,096</b>	<b>100 %</b>	<b>-</b>	<b>15,37,61,096</b>	<b>15,37,61,096</b>	<b>100 %</b>	<b>-</b>

#### ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change 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	
<b>Kadambelil Paul Thomas</b>	34,900	0.02%	-	34,900	0.02%	-	-
<b>Total</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>-</b>

iii) Change in Promoters' Shareholding

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>Kadambelil Paul Thomas</b>				
<b>At the beginning of the year</b>	<b>34,900</b>	<b>0.02%</b>	<b>34,900</b>	<b>0.02%</b>
Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
<b>At the end of the year</b>	<b>34,900</b>	<b>0.02%</b>	<b>34,900</b>	<b>0.02%</b>

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)	9,76,16,607	63.49 %	9,76,16,607	63.49 %
2.	Dia Vikas Capital Pvt. Ltd.	3,07,30,000	19.99%	3,07,30,000	19.99%
3.	SIDBI Trustee Company Ltd -A/c Samridhi Fund	1,71,76,230	11.17 %	1,71,76,230	11.17 %
4.	ESAF Staff Welfare Trust	56,40,600	3.67 %	56,40,600	3.67 %
5.	Cedar Retail Private Ltd	6,33,333	0.41%	6,33,333	0.41%
6.	Mr. Kadambelil Pailee Thomas	2,53,180	0.16%	2,53,180	0.16%
7.	Mrs. Achamma Thomas	2,53,180	0.16%	2,53,180	0.16%
8.	Mr. Thomas Joseph	2,00,000	0.13 %	2,00,000	0.13 %
9.	Mr. Raphael Parambi	2,00,000	0.13 %	2,00,000	0.13 %
10.	Mr. George Thomas	1,74,400	0.11 %	1,74,400	0.11 %

v) Shareholding of Directors and Key Managerial Personnel

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.	Mrs. Mereena Paul	15,000	0.01%	15,000	0.01%
2.	Ms. Emy Acha Paul	87,500	0.06 %	87,500	0.06 %

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	90.44	-	-	90.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>90.44</b>	<b>-</b>	<b>-</b>	<b>90.44</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	2000	-	-	2000
Reduction	2090.44	-	-	2090.44
<b>Net Change</b>	<b>(90.44)</b>	<b>-</b>	<b>-</b>	<b>(90.44)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>-</b>	<b>-</b>	<b>NIL</b>

## 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 (₹)
		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	86,19,342	86,40,942
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify (Sitting Fee)		
	<b>Total (A)</b>	<b>86,40,942</b>	<b>86,40,942</b>

Ceiling as per the Act

Not Applicable for a Private Company

## B. Remuneration to other directors

Particulars of Remuneration	Name of Directors				Total Amount
	Abraham Thariyan	K. C. Ranjani	Vikraman Ampalakkat		
<b>Independent Directors</b>					
Fee for attending board committee meetings	40,000	20,000	1,00,000		1,60,000
Commission					
Others, please specify					
<b>Total (1)</b>	<b>40,000</b>	<b>20,000</b>	<b>1,00,000</b>		<b>1,60,000</b>
<b>Other Non Executive Directors</b>					
	<b>Philomina (Nominee Director - ESMACO)</b>	<b>R V Dilip Kumar (Nominee Director - SIDBI Trustee Company Ltd)</b>	<b>Saneesh Singh (Nominee Director - Dia Vikas Capital Private Limited)</b>	<b>Emy Acha Paul (Nominee Director - Promoter)</b>	
Fee for attending board committee meetings	1,20,000	1,20,000	1,20,000	20,000	3,80,000
Commission					
Others, please specify					
<b>Total (2)</b>	<b>1,20,000</b>	<b>1,20,000</b>	<b>1,20,000</b>	<b>20,000</b>	<b>3,80,000</b>
<b>Total (1+2)</b>					<b>5,40,000</b>

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

Particulars of Remuneration	Key Managerial Personnel				Total Amount
	Chief Financial Officer		Company Secretary		
	<b>Mr. Sunil G Nampoothiri</b>	<b>Mr. K. Krishnakumar</b>	<b>Mr. Vishakh. B</b>	<b>Ms. Minu Santhosh</b>	
<b>Gross salary</b>	<b>(From 01st April, 2021 to 31st October, 2021)</b>	<b>(From 01st November, 2021 to 31st March, 2022)</b>	<b>(From 01st April, 2021 to 04th December 2021)</b>	<b>(From 10th December, 2021 to 31st March, 2022)</b>	
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Excluding arrear for previous years)	13,16,229	9,84,000	4,45,801	1,85,484	29,31,514

b) Value of perquisites u/s 17(2) Income-tax Act, 1961		8,800			8,800
c) Profits in lieu of salary under section 17(3) Income tax Act, 1961					
Stock Option					
Sweat Equity					
Commission - as % of profit - Others, specify					
Others Specify					
<b>Total</b>	<b>13,16,229</b>	<b>9,92,800</b>	<b>4,45,801</b>	<b>1,85,484</b>	<b>29,40,314</b>

Note: The disclosure regarding remuneration of Key Managerial Personnels made for their tenure in office.

## VI. 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

Sd/-

**Mereena Paul**

Chairperson & Managing Director

DIN: 02228087

Sd/-

**Abraham Thariyan**

Director

DIN: 07132831

Place: Thrissur

Date: 01st September, 2022

## ANNEXURE III

### Particulars of Loan, Guarantees and Investments under Section 186 as on 31st March 2018

#### 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	ESAF Small Finance Bank Limited	Rs. 950,000	Equity Share Capital
2	20.05.2016		Rs.1,088,050,000	
3	09.03.2017		Rs.600,000,000	
4	10.03.2017		Rs.600,000,000	
5	29.03.2017		Rs.500,000,000	
6	30.03.2017		Rs.50,000,000	
7	31.03.2022	ESAF Small Finance Bank Limited	Rs. 200,000,000	Non-Convertible Debentures

## 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 by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

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

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the resolution was passed in general meeting as required under first proviso to Section 188
1.	Mereena Paul (Chairperson and Managing Director)	Rent paid	5 years	The company has taken on rent, a flat owned by Mrs. Mereena Paul, for guest house purposes of the Company	24/02/2022	NIL	NA
2.	ESAF Swasraya Multi State Agro Co-operative Society Limited (Entity having significant influence)	Rent received	5 years	The company has given its landed property on lease to ESMACO, for the purpose of vehicle parking	20/06/2020	NIL	NA

#### 2. Details of contracts or arrangements or transactions not at arm's length basis: Nil



## REPORT ON CORPORATE GOVERNANCE - BOARD PROFILE

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. 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.

- o Management must have the executive freedom to drive the enterprise forward without undue restraints.
- o The freedom of the Management should be exercised with in a frame work of effective accountability.
- o 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 31st March 2022, the Board consists of a total of Eight directors including a Managing Director, Two Non-Executive Independent Directors, Four Nominee Directors and a Non-Executive Director.

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

### Composition of Board as on 31<sup>st</sup> March 2022

Sl.	Name of the Director	Date of Birth	DIN	Category	Date of Appointment
1.	Mereena Paul	24.03.1964	02228087	CMD	09/03/2017
2.	Saneesh Singh	19.09.1968	02254868	ND	29/05/2015
3.	Ranganathan Varadarajan Dilip Kumar	20.10.1968	01060651	ND	09/11/2015
4.	Philomina	19.06.1967	08625252	ND	30/11/2019
5.	Abraham Thariyan	08.06.1952	07132831	NEID	08/09/2021
6.	Kolasseril Chandra Mohanan Ranjani	09.05.1958	01735529	NEID	30/11/2021
7.	Vikraman Ampalakkat	08.08.1947	01978341	NED	30/11/2021
8.	Emy Acha Paul	08.08.1991	07434054	ND	30/11/2021

CMD - Chairperson & Managing Director | NEID - Non-Executive Independent Director | NED - Non-Executive Director | ND - Nominee Director

## D. Board Profile

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### **Mrs. 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. Mereena 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.

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### **Shri. Saneesh Singh**

Nominee Director

Shri. Saneesh is the nominee director 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. Shri. Saneesh Singh has over 28 years of experience in the fields of development banking, financial inclusion, MSME lending and social & impact investments. He 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.

Shri. Saneesh 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).

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### **Shri. R. V. 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.

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### **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.

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### **Shri. Vikraman Ampalakkat**

Non Executive Director

Shri. 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 various Companies like Muthoot Finance Ltd, Samastha Microfinance Ltd., etc. He joined the Company as Director on September 30, 2008. He was re designated as the Independent Director of the Company on September 28, 2014 and retired from the Board on September 28, 2021. He was then appointed as Non Executive Director on November 30, 2021.



### **Shri. Abraham Thariyan**

Non Executive Independent Director

Shri. Abraham has got formal experience for more than 20 years in International Banking and Foreign Exchange and has an overall extensive work experience of more than 40 years. He has worked with South India Bank as Executive Director for a period of around 6 years and further has an experience of 36 years with Federal Bank Limited.



### **Smt. Kolasseril Chandramohanan Ranjani**

Non Executive Independent Director

Smt. K. C. Ranjani is having experience in specialized fields of Management of MFI and other NBFCs and has an experience of over 30 years and has served on the Boards of many of the leading Micro Finance Institutions and Investment Companies in India. Besides, she held a senior management position with SIDBI (Small Industries Development Bank of India, the apex Bank for Financing and Development of the MSME sector in India), where she served as a core team member in creating SIDBI's pioneering and powerful microfinance program in close collaboration with DFID, UK and IFAD, Rome, resulting in the mainstreaming of the microfinance sector in India.



### **Smt. Emy Acha Paul**

Nominee Director

Smt. Emy Acha Paul is the nominee director of the Promoter of the Company, Mr. Kadambelil Paul Thomas. She has comprehensive experience in governing many institutions in the development sector for the last 5 years. This includes Microfinance, Financial Literacy & Financial Inclusion, Women Empowerment, Livelihood promotion and Child Care. She currently heads Prachodhan Development Services which works on various facts of Social Transformation, focussing mainly in East and Central India.

## E. Board Meetings

During the Financial Year 2021-22, the Board of Directors of the Company met Six (6) times on 14th June 2021, 26th June 2021, 01st September 2021, 08th September 2021, 30th November 2021 and 24th February 2022.

### Directors' Attendance record

Sl. no	Name	Board meetings during Financial year 2021-22		Whether present at the previous AGM
		Entitled to attend	Attended	
1	Mrs. Mereena Paul	6	6	Yes
2	Mr. Vikraman Ampalakkat	5	5	Yes
3	Mr. R. V. Dilip Kumar	6	6	Yes
4	Mr. Saneesh Singh	6	6	Yes
5	Mrs. Philomina	6	5	Yes
6	Mr. Abraham Thariyan	2	2	No
7	Ms. K. C. Ranjani	1	1	No
8	Mrs. Emy Acha Paul	1	1	No

## F. Board Committees

As on 31st March 2022, the Company has Seven regular Board Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Group Risk Management Committee and Investment 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 was reconstituted on 30.11.2021. As on March 31, 2022 the Committee comprises of the following Directors as Members:

Sl. no	Name	Designation
1	Mr. Abraham Thariyan	Chairman
2	Mr. R V Dilip Kumar	Member
3	Ms. K. C. Ranjani	Member
4.	Mr. Vikraman Ampalakkat	Member

#### b. Attendance during the year

During the Financial Year under review, five meetings of the Audit Committee were held on 14th June 2021, 26th June 2021, 01st September 2021, 30th November 2021 and 24th February 2022.

The attendance details of Audit Committee members are as under.

Sl. no	Name	Meetings during Financial year 2021-22	
		Entitled to attend	Attended
1.	Mr. Abraham Thariyan	1	1
2.	Mr. R V Dilip Kumar	5	5
3.	Ms. K. C. Ranjani	1	1
4.	Mr. Vikraman Ampalakkat	4	4

### 2. Nomination & Remuneration Committee

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

The Nomination & Remuneration Committee was constituted on 13.02.2009 (originally named as Human Resources & Nomination Committee was renamed as Nomination & Remuneration Committee at the Board Meeting held on 29.09.2014). The Committee was reconstituted on 30.11.2021. As on March 31, 2022 the Committee comprises of the following Directors as Members:

Sl. no	Name	Designation
1	Mr. Abraham Thariyan	Chairman
2	Ms. K. C. Ranjani	Member
3	Mr. Saneesh Singh	Member
4	Mrs. Mereena Paul	Member

b. Attendance during the year

During the Financial Year under review, four meetings of the Nomination & Remuneration Committee were held on 01st September 2021, 8th September 2021, 30th November 2021 and 24th February 2022.

Sl. no	Name	Meetings during Financial year 2021-22	
		Entitled to attend	Attended
1	Mr. Abraham Thariyan	1	1
2	Ms. K. C. Ranjani	1	1
3	Mr. Saneesh Singh	4	4
4	Mrs. Mereena Paul	4	4

### 3. Stakeholders Relationship Committee

a. Constitution of Stakeholders Relationship Committee

The Stakeholders Relationship Committee was constituted on 29.09.2014 and 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. Meetings during the year

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

### 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. Meetings during the year

During the year under review, no meetings were held.

### 5. Risk Management Committee

a. Constitution

The Board of Directors has constituted a Risk Management Committee on 31.03.2016. The Committee was reconstituted on 30.11.2021. As on March 31, 2022 the Committee comprises of the following Directors as Members:

Sl. no	Name	Designation
1	Mr. R. V. Dilip Kumar	Chairman
2	Mr. Vikraman Ampalakkat	Member
3	Mr. Saneesh Singh	Member
4	Mrs. Emy Acha Paul	Member

b. Meetings during the year

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

### 6. Group Risk Management Committee

a. Constitution of Group Risk Management Committee

The Board of Directors has constituted a Group Risk Management Committee on 30.11.2021. As on March 31, 2022 the Committee comprises of the following Directors as Members:

Sl. no	Name	Designation
1	Mr. Abraham Thariyan	Chairman
2	Ms. K. C. Ranjani	Member
3	Mr. Saneesh Singh	Member
4	Mrs. Mereena Paul	Member
5	Mrs. Emy Acha Paul	Member

b. Meetings during the year

During the year under review, no meetings were held.

### 7. Investment Committee

a. Constitution of Investment Committee

The Board of Directors has constituted an Investment

Committee on 24.02.2022. As on March 31, 2022 the Committee comprises of the following Directors as Members:

Sl. no	Name	Designation
1	<b>Mr. Abraham Thariyan</b>	Chairman
2	<b>Mr. R. V. Dilip Kumar</b>	Member
3	<b>Mr. Saneesh Singh</b>	Member
4	<b>Mrs. Mereena Paul</b>	Member
5	<b>Mrs. Emy Acha Paul</b>	Member

b. Meetings during the year

During the year under review, no meetings were held.

## G. General Share holder information

a. Date time and venue of 26th Annual General Meeting

The 26th Annual General Meeting of the Company will be held on Wednesday, 28th September, 2022 at 03:00 P.M IST through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM")

b. Financial Calendar

The financial Calendar of the Company is from 1<sup>st</sup> April to 31<sup>st</sup> March.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF INDUSTRY

The COVID-19 pandemic has inflicted enormous pain and suffering to individuals and corporates alike across the world. However, it gave the world an opportunity to reinvent itself to adapt to new ways of life and business. COVID-19 was a real test of resilience and agility for every business. Corporations that have successfully adapted the challenges thrown by COVID-19 have become more resilient and prepared to weather future disruptions. It was not just the corporate sector that has been forced to rapidly adapt. Public services organisations, regulators, governments, and local administrations have demonstrated their potential to adapt and overcome.

The Indian economy had begun to recover since the second half of FY 2021. The post-pandemic recovery is very evident across the global economic landscape and the Indian economy too has slowly, but steadily, regained its pace of growth. The Government of India announced a growth oriented and expansionary budget for the FY 2023 with a strong push on investments to lift economic growth.

Our investee company Esaf Small Finance Bank's (ESAF SFB) Initial Public Offer (IPO) is expected to take place this year. ESAF SFB has successfully expanded its operations to 21 states and 2 union territories. The number of branches has increased to 575. ESAF SFB is scheduled to take off in a trajectory of growth in the years to come.

### OPPORTUNITIES

The growth in GDP in India for the first quarter of FY 2022-23 was at 13.5% which was one of the best in the world scenario. This recovery from the pandemic is encouraging and leading to better business and investment opportunities. We can make use of such opportunities at the appropriate time for the growth of the Company.

### PERFORMANCE

The standalone net profit of our company decreased to Rs.83.11 Lakh in the year 2021-22 from Rs.169.59 Lakh in the previous year. This was mainly due to the following: The high interest yielding deposit, which was the main source of income, matured in March 2022 and consequently the interest income in current year was down to Rs.493.80 Lakh from Rs.521.28 Lakh in the previous year. Also, the interest on borrowing increased to Rs.179.21 Lakh from Rs.141.99 Lakh. On maturity of the Deposit, we have placed an amount of Rs.20 crore in the Tier II Bond issued by the ESFB on 31 March 2022 which will give higher yield than Bank Deposits. 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 as well as mark-to-market loss of investments 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. The Associate has improved its performance further in the initial quarters of FY 2022-23.

### 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.

This recovery from the pandemic is encouraging and leading to better business and investment opportunities.



## STANDALONE FINANCIALS

### 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 2022, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, Statement of Profit and Loss Account, 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 and cash flows of

the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's 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.

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 Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the 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 Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its Associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Associate to express an opinion on the Standalone 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 Standalone Financial Statements of which we are the independent auditors. For the other entities or business activities included in the Standalone 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 Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone 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 Standalone Financial Statements.

We communicate with those charged with governance of the company regarding, among other matters, the planned

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

## Report on Other Legal and Regulatory Requirements

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 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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, 2021, as amended 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.

iv. During the Financial Year 2021-22, the company has declared dividend amount of Rs.18,04,850 pertaining to Financial Year 2021-22 and has paid dividend of amount Rs.3,07,34,160 pertaining to Financial Year 2020-21 which is in compliance with section 123(1) of the Act.

v. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (Intermediaries), with the understanding,

whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like

on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

For A. John Moris & Co.,  
Chartered Accountants  
Firm Registration No.: 007220 S

Thrissur  
30/06/2022

CA G Kumar  
Senior Partner  
Membership No.: 023082

## **ANNEXURE-'A' TO THE AUDITORS' REPORT REPORT OF THE AUDITOR TO THE MEMBERS IN ACCORDANCE WITH THE COMPANIES (AUDITORS' REPORT) ORDER 2020**

1. In respect of the Company's Property, Plant, and Equipment:

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

(b) As explained to us, fixed assets are physically verified in full by the management at reasonable intervals, which, in our opinion, is reasonable looking to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.

(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 immovable property in the name of the Company.

2. The Company is a service provider and does not deal with Inventory. Accordingly, paragraph 3 (ii) of the order is not applicable.

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b), (c), (d), (e) and (f) of the Order are not applicable to the Company and hence not commented upon.

4. 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 not made or diverted any funds by way of loans, investments, guarantees or security which are required to be listed in the register maintained under the provisions of section 185 and 186 of the Companies Act, 2013. Hence, the said clause is not applicable.

5. During the year, the Company has not accepted any deposits or any amount deemed to be deposits from any person. Hence, 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 sub-section (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 has been generally regular in depositing with appropriate authorities undisputed statutory dues including Investor Education and Protection Funds, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other applicable statutory dues during the year.

(b) According to the information and explanations given to us, there is no undisputed amounts payable in respect of statutory dues referred to in sub-clause (a) that were in arrears as at March 31, 2022 for a period of more than six

months from the date they became payable.

8. According to the records, there are no transactions recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

9. In our opinion and according to the information and explanations given to us,

a) the company has an outstanding due of Rs.5,87,761/- to debenture holders which is unclaimed.

b) the company has not been declared wilful defaulter by any bank or financial institution or other lender.

c) the company has not obtained any term loans.

d) the company has not raised any funds on short term basis.

e) the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) the company has not raised loans during the financial year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

10. The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

11. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud/misappropriation on or by the Company has been noticed or reported during the year and no report under sub-section (12) of section 143 of the Companies Act has been filed by us in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

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. The company is not mandatorily required to appoint an

internal auditor (under Sec 138 read with Rule 13), hence this paragraph of the order is not applicable.

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 or persons connected with them as is mentioned in Section 192 of the Act.

16. According to the information and explanations given to us and based on our examination of the records of the company,

a) the company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and is registered vide CoR B-07.00652 dated 26.02.2020

b) the company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

c) the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and does not have more than one CIC in the group.

17. According to the records, the company has not incurred any cash losses during the current financial year and also during the immediately preceding financial year.

18. There has not been any resignation of the statutory auditors during the year.

19. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, information and explanations given to us and on the basis of our examination of the books of account, no material uncertainty exists as on the date of the audit report and the company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

20. The company does not fall under the category of companies to which CSR obligations apply as specified in Schedule VII under Sec 135 of the Companies Act, 2013 and hence this paragraph of the order is not applicable.

21. There have been no qualifications or adverse remarks in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the Consolidated Financial Statements.

For A. John Moris & Co.,  
Chartered Accountants  
Firm Registration No.: 007220 S

CA G Kumar

Senior Partner

Membership No.: 023082

Thrissur

30/06/2022

## **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 2022 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 2022, 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

CA G Kumar  
Senior Partner  
Membership No.: 023082

Thrissur  
30/06/2022

## Standalone Balance Sheet as at 31 March 2022

Particulars	Note No.	As at Mar 31, 2022	As at Mar 31, 2021
		Amounts (₹ in Lakhs)	Amounts (₹ in Lakhs)
<b>ASSETS</b>			
<b>(a) Cash and Cash Equivalents</b>	1	78.62	90.06
(b) Bank Balances other than (a) above	2	350.00	3,526.06
(c) Other Receivables	3	109.83	109.12
(d) Investments	4	<b>30,390.00</b>	<b>28,390.00</b>
		<b>30,928.45</b>	<b>32,115.24</b>
<b>Non Financial Assets</b>			
(a) Deferred Tax Assets(Net)		14.57	34.48
(b) Property, Plant and Equipment	6	1,598.36	1,596.59
(c) Income tax Assets (net)	11	11.94	-
(d) Other non-financial assets	5	150.71	146.88
		<b>1,775.58</b>	<b>1,777.95</b>
<b>Total Assets</b>		<b>32,704.03</b>	<b>33,893.19</b>
<b>LIABILITIES AND EQUITY</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		-	-
(d) Borrowings	8	-	904.48
(e) Deposits			
(f) Subordinated Liabilities	9	-	-
(g) Other Financial liabilities	10	5.88	6.20
<b>2) Non Financial Liabilities</b>			
<b>(a) Income tax liabilities (net)</b>	11	-	60.83
(b) Deferred tax liabilities (net)			
(c) Provisions	12	142.84	431.80
(d) Other Non- Financial Liabilities	13	95.61	95.26
<b>3) Equity</b>			
(a) Equity Share capital	14	17,180.96	17,180.96
(b) Other Equity	15	15,278.74	15,213.66
<b>Total Liabilities and Equity</b>		<b>32,704.03</b>	<b>33,893.19</b>

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

For and on behalf of the Board of Directors,

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

Chartered Accountants  
ICAI Firm Reg.No. 007220 S

Sd-

**G. Kumar**

Senior Partner  
M.No.: 023082

Sd-

**Mereena Paul**

Chairperson & Managing Director  
DIN:02228087

Sd-

**Krishnasadan Krishnakumar**

Chief Financial Officer

Sd-

**Abraham Thariyan**

Director  
DIN:07132831

Sd-

**Minu Santhosh**

Company Secretary

Place : Thrissur

Date : 30/06/2022

UDIN: 22023082AMRYDH1969

## Statement of Standalone Profit and Loss for the period ended March 31, 2022

Particulars	Note No.	2021-22	2020-21
		Amounts (₹ in Lakhs)	Amounts (₹ in Lakhs)
Other Income	16	500.09	532.50
<b>TOTAL INCOME</b>		<b>500.09</b>	<b>532.50</b>
Expenses:			
(i) Finance costs	17	179.21	141.99
(vi) Employee Benefit Expense	18	127.36	131.71
(vii) Depreciation and Amortisation	6	10.03	12.92
(viii) Other expenses	19	45.43	30.17
<b>TOTAL EXPENSE</b>		<b>362.03</b>	<b>316.79</b>
Profit before prior period, exceptional items and tax		138.06	215.71
Prior period item		-	-
Profit before tax		138.06	215.71
Tax expense			
Current tax		35.04	54.11
Deferred Tax Expenses		19.91	(7.99)
		<b>54.95</b>	<b>46.12</b>
Profit or loss for the period from continuing operations		83.11	169.59
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>83.11</b>	<b>169.59</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
(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			
<b>SUBTOTAL (A)</b>			
(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			
<b>SUBTOTAL (B)</b>			
Other Comprehensive Income			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>83.11</b>	<b>169.59</b>
Earnings per equity share			
Basic		0.04	(0.09)
Diluted		0.04	(0.09)

Notes referred to above form an integral part of Profit & 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**  
Senior Partner  
M.No.: 023082

Place : Thrissur  
Date : 30/06/2022  
UDIN: 22023082AMRYDHI969

For and on behalf of the Board of Directors,

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

Sd-  
**Minu Santhosh**  
Company Secretary

## Standalone Cash Flow Statement for the year ended 31 March, 2022

Particulars	2021-22 Amounts (₹ in Lakhs)	2020-21 Amounts (₹ in Lakhs)
<b>A. Cash flow from operating activities</b>		
<b>Net profit after tax</b>	<b>83.11</b>	<b>169.58</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	10.03	12.92
Profit on Sale of Fixed Assets and investments	-	-
Finance Costs	179.21	141.99
Interest Income	(493.80)	(521.28)
Provisions/Liabilities no longer required written back	(0.68)	(1.27)
Provision for Income tax	54.95	46.12
Prior Period	-	(0.31)
<b>Operating profit before working capital changes</b>	<b>(167.18)</b>	<b>(152.25)</b>
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Loans and advances	(0.70)	0.40
Other Assets	4.13	26.54
Balance in deposit accounts	3,176.06	-
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	-	(12.53)
Other Liabilities	0.03	(141.74)
Provisions	(288.29)	(0.59)
<b>Cash generated from/(used in) operations</b>	<b>2,724.05</b>	<b>(280.17)</b>
Direct taxes paid	(115.78)	(45.38)
<b>Net cash from operating activities</b>	<b>2,608.27</b>	<b>(325.55)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(11.79)	(0.65)
Sale of fixed assets		
Bank balances not considered as Cash and cash equivalents (Net)		
(Purchase)/sale of investments	(2,000.00)	
Interest received	493.80	521.28
Gain on buyback by subsidiary		
<b>Net cash used in/(generated from) investing activities</b>	<b>(1,517.99)</b>	<b>520.63</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment) of borrowings	(904.47)	183.48
Interest paid	(179.21)	(141.99)
Dividend and Dividend Tax Paid	(18.05)	(369.86)
Redemption of non convertible debentures	-	(28.00)
<b>Net cash from financing activities</b>	<b>(1,101.72)</b>	<b>(356.37)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(11.44)</b>	<b>(161.29)</b>
<b>Opening Cash and cash equivalents</b>	<b>90.06</b>	<b>251.35</b>
<b>Closing Cash and cash equivalents</b>	<b>78.62</b>	<b>90.06</b>

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

As per our report of even date attached.

For and on behalf of the Board of Directors,

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

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

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Minu Santhosh**  
Company Secretary

Place : Thrissur

Date : 30/06/2022

UDIN: 22023082AMRYDH1969

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

Particulars		As at Mar 31, 2022 Amounts (₹ in Lakhs)	As at Mar 31, 2021 Amounts (₹ in Lakhs)
<b>1</b>	<b>Cash &amp; Cash Equivalent</b>		
	Cash on hand	0.20	0.12
	Balances with Bank		
	- In current accounts		
	Domestic	78.42	89.95
	<b>Total</b>	<b>78.62</b>	<b>90.07</b>
<b>2</b>	<b>Other bank balance</b>		
	- in deposit accounts	350.00	3,526.06
	- 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		
	<b>Total</b>	<b>350.00</b>	<b>3,526.06</b>
<b>3</b>	<b>Other receivables</b>		
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties		
	Others	28.33	28.00
	(b) Loans and advances to related parties		
	(c) Other receivables	81.50	81.13
	<b>Total</b>	<b>109.83</b>	<b>109.13</b>
<b>4</b>	<b>Investments</b>		
	<b>Investments in Associate :-</b>		
	280,758,396 Equity Shares of 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	28,390.00	28,390.00
	Bonds and Debentures in M/s ESAF Small finance Bank Limited.	2,000.00	-
	<b>Total</b>	<b>30,390.00</b>	<b>28,390.00</b>
<b>5</b>	<b>Other Non Financial Assets</b>		
	(a) Prepaid expenses	0.59	0.59
	(b) Balances with Government authorities	21.72	21.92
	(c) Compensated Leave Salary Assets	46.96	44.21
	(d) Deposits	71.99	70.71
	(e) Insurance claims receivable	4.09	4.09
	(f) Other Current Assets	5.36	5.36
	<b>Total</b>	<b>150.71</b>	<b>146.88</b>

**Note 6: Property Plant and Equipment**

(₹ in Lakhs)

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1 April, 2021	Additions	Disposals	Balance as at 31 March, 2022	Rate (%)	Balance as at 1 April, 2021	Depreciation for the year	Deletions	Balance as at 31 March, 2022	Balance as at 31 March, 2021
A. Tangible Assets										
Land	1,464.42			1,464.42	-	-	-	-	1,464.42	1,464.42
	(1,464.42)			(1,464.42)	-	-	-	-	(1,464.42)	(1,464.42)
Buildings	136.44			136.44		22.76	2.10		24.86	113.67
	(136.44)			(136.44)		(20.67)	(2.10)		(22.76)	(115.77)
Leasehold Buildings	26.41	11.24		37.65		15.53	7.20		22.73	10.88
	(22.00)	(4.41)		(26.41)		(7.59)	(7.93)		(15.53)	(14.41)
Furniture and Fittings	0.63			0.63		0.21	0.06		0.27	0.42
	(0.63)			(0.63)		(0.15)	(0.06)		(0.21)	(0.48)
Vehicles	55.95			55.95		49.56	-		49.56	6.39
	(55.95)			(55.95)		(47.11)	(2.45)		(49.56)	(8.84)
Computer and Accessories	4.81	0.56		5.37		4.01	0.67		4.68	0.80
	(4.16)	(0.65)		(4.81)		(3.63)	(0.38)		(4.01)	(0.53)
<b>Total</b>	<b>1,688.65</b>	<b>11.80</b>	<b>-</b>	<b>1,700.45</b>	<b>-</b>	<b>92.06</b>	<b>10.03</b>	<b>-</b>	<b>102.10</b>	<b>1,598.36</b>
	<b>(1,683.60)</b>	<b>(5.06)</b>	<b>-</b>	<b>(1,688.65)</b>	<b>-</b>	<b>(79.14)</b>	<b>(12.92)</b>	<b>-</b>	<b>(92.06)</b>	<b>(1,604.45)</b>

**Note:**

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

Particulars		As at Mar 31, 2022 Amounts (₹ in Lakhs)	As at Mar 31, 2021 Amounts (₹ in Lakhs)
<b>7</b>	<b>Trade Payable</b>		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>8</b>	<b>Borrowings</b>		
	Secured Loans		
	Term Loan from Banks	-	904.48
	<b>Total</b>	<b>-</b>	<b>904.48</b>
<b>9</b>	<b>Subordinated Liabilities</b>		
	Non Convertible Debentures	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Other Financial Liabilities</b>		
	(a) Current maturities of Non Convertible Debentures	-	-
	(b) Current maturities of vehicle loan	-	-
	(c) Interest accrued but not due on borrowings	-	-
	(d) Matured Non Convertible Debentures and Interest accrued thereon	5.88	6.20
	<b>Total</b>	<b>5.88</b>	<b>6.20</b>
<b>11</b>	<b>Income Tax Liabilities/(Assets)</b>		
	Current Tax liabilities/(Assets)	(11.94)	60.83
	<b>Total</b>	<b>(11.94)</b>	<b>60.83</b>
<b>12</b>	<b>Provisions</b>		
	(i) Provision for compensated absences	6.09	6.09
	(ii) Provision for proposed preference dividend	18.05	307.34
	(iv) Loans and advances to employees	28.33	28.00
	(v) Other provisions	90.37	90.37
	<b>Total</b>	<b>142.84</b>	<b>431.80</b>
<b>13</b>	<b>Other Non- Financial Liabilities</b>		
	(a) Other payables		
	(i) Statutory remittances	12.78	10.96
	(iii) Payable to ESAF Employees Gratuity Trust	3.44	3.62
	(iv) Lease Liability	15.82	12.45
	(iv) Others	63.57	68.23
	<b>Total</b>	<b>95.61</b>	<b>95.26</b>

## 14 Equity Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs
<b>I) Authorised :</b>				
Equity shares of ₹10/- each with voting rights	19,00,00,000	19,000.00	19,00,00,000	19,000.00
Preference shares of ₹100/- each	60,00,000	6,000.00	60,00,000	6,000.00
<b>Issued, paid up and subscribed</b>				
Equity shares of ₹10/- each with voting rights	15,37,61,096	15,376.11	15,37,61,096	15,376.11
Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	18,04,850	1,804.85	18,04,850	1,804.85
	<b>15,55,65,946</b>	<b>17,180.96</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

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

At the beginning of the year	15,55,65,946	17,180.96	14,41,57,983	17,852.02
Issued during the year as fully paid up on conversion	-	-	1,34,21,133	1,342.11
Conversion of CCPS into Equity Shares	-	-	(20,13,170)	(2,013.17)
<b>At the end of the year</b>	<b>15,55,65,946</b>	<b>17,180.96</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

### 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 2022 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% into 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 18,04,850 CCPS of ₹100/- each attracting 1% 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 31 March, 2022		As at 31 March, 2021	
	Number of Shares	% of Shares	Number of Shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	9,76,16,607	63.49%	9,76,16,607	63.49%
Dia Vikas Capital Private Limited	3,07,30,000	19.99%	3,07,30,000	19.99%
SIDBI Trustee Company Ltd	1,71,76,230	11.17%	1,71,76,230	11.17%
	<b>14,55,22,837</b>	<b>94.64%</b>	<b>14,55,22,837</b>	<b>94.64%</b>

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

Dia Vikas Capital Private Limited	18,04,850	100%	18,04,850	100.00%
	<b>18,04,850</b>	<b>100.00%</b>	<b>18,04,850</b>	<b>100.00%</b>

**15 Other Equity**

Particulars	As at 31 March, 2022 Amounts (₹ in Lakhs)	As at 31 March, 2021 Amounts (₹ in Lakhs)	As at 31 March, 2020 Amounts (₹ in Lakhs)	As at 31 March, 2019 Amounts (₹ in Lakhs)
Other Reserves				
General reserve				
As per last balance sheet	2,588.76	2,554.84	2,522.87	2,464.03
Add : transferred from statement of profit and loss	16.62	33.92	31.97	58.84
	<b>2,605.38</b>	<b>2,588.76</b>	<b>2,554.84</b>	<b>2,522.87</b>
<b>Security premium reserve</b>				
Opening balance	6,363.89	5,692.83	5,692.83	5,692.83
Addition during the year	-	671.06	-	-
	<b>6,363.89</b>	<b>6,363.89</b>	<b>5,692.83</b>	<b>5,692.83</b>
<b>Retained Earnings</b>				
Profit and loss account				
Opening balance	6,261.02	6,432.70	6,675.93	6,811.54
Add: transfer due to amalgamation				
Add: Profit for the year	83.11	169.58	159.86	293.52
Add: Addition due to adoption of IND-AS	-	-	-	0.84
Less: Transferred to Other Reserve	16.62	33.92	31.97	58.84
	<b>6,327.51</b>	<b>6,568.36</b>	<b>6,803.82</b>	<b>7,047.06</b>
Less: Appropriation				
(a) General Reserve				
(b) Preference Dividend	18.05	307.34	307.34	307.34
(c) Tax on dividend	-	-	63.78	63.78
	<b>18.05</b>	<b>307.34</b>	<b>371.12</b>	<b>371.12</b>
Balance to be carried forward	<b>15,278.73</b>	<b>15,213.67</b>	<b>14,680.37</b>	<b>14,891.64</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 ₹16,62,217/- (Previous year ₹33,91,648/-), 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.

Particulars	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
<b>16 Other Income</b>		
Interest Income on Advance given	-	-
Interest income on Fixed Deposits	493.80	521.28
Profit on Sale of Fixed Assets	-	-
Provisions/Liabilities no longer required written back	0.68	1.27
Miscellaneous Income	2.94	3.28
Rent received	2.67	6.67
	<b>500.09</b>	<b>532.50</b>
<b>17 Finance Cost</b>		
(a) Interest expense on:		
(i) Borrowings from Banks	177.92	139.06
(ii) Debentures	-	0.61
(iii) Interest on Lease payment	1.29	2.32
<b>Total</b>	<b>179.21</b>	<b>141.99</b>
<b>18 Employee Benefit Expense</b>		
Salaries, Wages and Bonus	121.58	126.43
Contributions to provident and other funds	5.03	4.91
Staff welfare expenses	0.75	0.37
	<b>127.36</b>	<b>131.71</b>
<b>19 Other expenses</b>		
Electricity and Water Charges	0.99	0.65
Rent	-	0.02
Vehicle Maintenance	3.32	1.32
Office Maintenance & Meeting expenses	0.25	0.51
Bank Charges	0.59	0.09
Rates and Taxes	2.43	0.34
Telephone and Internet expenses	0.06	0.39
Travelling and conveyance	0.06	0.04
Printing and stationery	0.96	1.06
Legal and professional	21.60	10.68
Payments to auditors	5.31	5.00
Directors Sitting Fee	5.40	5.20
Other Expenses	4.46	4.87
	<b>45.43</b>	<b>30.17</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2022

### 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.

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.

#### c. Property, plant and equipment

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.

#### d. Intangible assets

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

#### e. Depreciation

i) Property, Plant and equipment

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

#### f. Functional and presentation currency

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.

#### h. Impairment of Assets

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.

#### i. Income Tax

##### 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.

#### j. Leases

##### 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.

#### k. Financial Instruments

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

## **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.

## **i. 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.

## **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.

## **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.

## **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, leave salary benefits, 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.

Defined benefit plans

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

### p. Provisions, contingent liabilities and contingent assets

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.

### q. Segment accounting

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

### 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).

## 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 Limited Evangelical Social Action Forum SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Key Management Personnel (KMP)	Mrs. Mereena Paul
Relatives of KMP	Mrs. Emy Acha Paul, daughter of Mrs. Mereena Paul
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:

Sl. No.	Particulars	Related Party	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
1	Loans availed against Fixed deposit	ESAF Small Finance Bank Limited	2,158.00	190.00
2	Interest Paid	ESAF Small Finance Bank Limited	177.92	138.71
3	Remuneration to KMP	Mrs. Mereena Paul	86.41	83.98
4	Sitting fee paid	Mrs. Emy Acha Paul	0.20	-
5	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.11	-
6	Interest Income on FD	ESAF Small Finance Bank Limited	493.80	521.28
7	Rent paid	Mrs. Mereena Paul	2.54	2.71
8	Transactions in Current Account (net)	ESAF Small Finance Bank Limited	3.89	(125.96)
9	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	-

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

Sl. No.	Particulars	Related Party	Amounts due (to)/ from 31-03-2022 (₹ in Lakhs)	Amounts due (to)/ from 31-03-2021 (₹ in Lakhs)
1	Loan against FD	ESAF Small Finance Bank Ltd	-	904.48
2	Other Current Liabilities	Mrs. Mereena Paul	13.06	12.42
		Evangelical Social Action Forum	14.31	14.31
3	Rent Deposit	Mrs. Mereena Paul	0.50	0.50
4	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12.50	12.50
5	Interest Payable	ESAF Small Finance Bank Ltd	-	138.71
6	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	
7	Investments in Equity shares	ESAF Small Finance Bank Ltd	28,390.00	28,390.00
8	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	398.72	3,570.89

c) Terms and conditions of transactions with related parties:

There have been no guarantees provided or received for any related party receivables or payables. 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, 2022, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2021 : ₹ 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, 2022 (₹ in Lakhs)	As at 31 March, 2021 (₹ in Lakhs)
<b>Tax effect of items constituting deferred tax Liabilities</b>		
On difference between book balance and tax balance of fixed assets	(17.87)	2.12
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	30.86	30.78
<b>Deferred tax assets</b>	<b>14.57</b>	<b>34.48</b>

## 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		2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	65.06	(137.76)
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	15,37,61,096	15,37,61,096
<b>Basic earnings per equity share (₹)</b>	<b>A / B</b>	<b>0.04</b>	<b>(0.09)</b>
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	65.06	(137.76)
Add : Interest on convertibles (net of tax)	B	18.05	307.34
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	83.11	169.59
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	15,37,61,096	15,37,61,096
Add : Shares deemed to be issued for no consideration in respect of :	E	1,20,32,333	1,20,32,333
Compulsorily convertible preference share capital	F	1,20,32,333	1,20,32,333
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	16,57,93,429	16,57,93,429
<b>Diluted earnings per equity share (₹)</b>		<b>0.05</b>	<b>0.10</b>
<b>Diluted earnings per equity share(considering Antidilution) (₹)</b>		<b>0.04</b>	<b>(0.09)</b>
Face value per equity share (₹)		10.00	10.00

Note: As conversion of convertible preference shares is anti dilutive in nature, basic EPS is treated as diluted EPS

## A7. Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2022 (₹ in Lakhs)			31.03.2021 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Trade receivables	3			109.83	-	-	109.13
Cash and cash equivalents	1			78.62	-	-	90.07
Other Bank Balances	2			350.00			3,526.06
<b>Total Financial Asset</b>				<b>538.45</b>	<b>-</b>	<b>-</b>	<b>3,725.26</b>
<b>Financial liability</b>							
Loans from Financial institutions	8			-	-	-	904.48
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-			-
Other Financial Liabilities	10			5.88	-	-	6.20
<b>Total Financial Liabilities</b>				<b>5.88</b>	<b>-</b>	<b>-</b>	<b>910.68</b>

## A8. Disclosure pursuant to Ind AS 12 - Income taxes

The major components of income tax expense for years ended 31 March 2022 and 31 March 2021 are:

Particulars	As at 31 March, 2022 (₹ in Lakhs)	As at 31 March, 2021 (₹ in Lakhs)
<b>Current income Tax :</b>		
Current income tax charge	35.04	54.11
Adjustments of current tax of previous year		-
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	19.91	(7.99)
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
<b>Income tax reported in the statement of profit and loss</b>	<b>54.95</b>	<b>46.12</b>

## A9. Events occurring after the reporting period

The financial statements were approved by the Board of Directors on 30.06.2022 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.

## Notes forming part of standalone financial statements

### Note 22 Disclosures under Accounting Standards

#### 22.1 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. 5,03,214 /- (Year ended 31 March, 2021 Rs.4,89,998 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2021 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:

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 Lakhs)	
Particulars	Year ended 31 March, 2022 (₹)	Year ended 31 March, 2021 (₹)	
Current Service Cost	0.25	1.21	
Interest cost	1.62	1.88	
Expected return on plan assets	(5.30)	(5.60)	
Actuarial Loss/(Gain)	(5.52)	(1.36)	
Past Service Cost	0.43	11.85	
Employer expense /(Income)	(8.52)	7.98	
<b>Actual contribution and benefit payments for the year</b>		(₹ in Lakhs)	
Actual benefit payments	(0.27)	(4.35)	
Actual contributions	-	-	
<b>Net (asset) / liability recognised in the Balance Sheet</b>		(₹ in Lakhs)	
Present value of defined benefit obligation	30.95	32.41	
Fair Value of plan assets	113.74	106.25	
Funded status [Surplus / (Deficit)]	82.79	73.84	
Net liability/(asset) recognised in the Balance Sheet	(82.79)	(73.84)	
<b>Change in defined benefit obligations (DBO) during the year</b>		(₹ in Lakhs)	
Present Value of DBO at beginning of the year	32.41	34.14	
Current Service Cost	0.25	1.21	
Interest Cost	1.62	1.88	
Benefits Paid	(0.27)	(4.35)	
Actuarial Loss/(Gain)	(3.06)	(0.47)	
Past Service Cost	-	-	
Present Value of DBO at end of the year	30.95	32.41	
<b>Change in fair value of assets during the year</b>		(₹ in Lakhs)	
Fair Value of plan assets at beginning of the year	106.25	104.11	
Contributions by employer	-	-	
Benefits paid	(0.27)	(4.35)	
Expected return on plan assets	5.30	5.60	
Actuarial Gain/(Loss)	2.46	0.89	
Transfer in/(out) *	-	-	
Fair Value of plan assets at end of the year	113.74	106.25	
Actual return on plan assets	7.76	6.49	
Expected employer contribution for the coming period	-	-	

Composition of plan assets is as follows:

Particulars	Year ended 31 March, 2022 (₹)	Year ended 31 March, 2021 (₹)
Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	97%	97%
Insurer managed funds* (Unit -Linked)	3%	3%

\* 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

Discount Rate	5.4%	5%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	5%	5.5%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees	3 years	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	2021-22	2020-21	2019-20	2018-19	2017-18
Present value of DBO	3,095	3,241	3,414	3,052	3,530
Fair value of plan assets	11,374	10,625	10,411	6,784	24,860
Funded status [Surplus/(Deficit)]	8,279	7,384	6,997	3,732	21,330
Experience adjustment on plan liabilities: (Gain)/Loss	(280)	(95)	(70)	(640)	1,106
Experience adjustment on plan assets: Gain/(Loss)	193	(54)	41	68	356

#### Actuarial Assumptions - Long Term Compensated absences

Particulars	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Discount rate	5.40%	5.00%
Expected return on plan assets	5.00%	5.50%
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.

#### 22.2 Segment Reporting:-

The Company does not have any business segments as at 31 March 2022 and 31 March 2021. 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.

## Note 23 Additional information to the financial statements

### 23.1 Payment to Auditors comprise of

Particulars	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Statutory audit fee	5.00	5.00
Other certification fee	-	-
Out of pocket expenses	0.31	-
	<b>5.31</b>	<b>5.00</b>

### 23.2 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
<b>i Contingent liabilities</b>		
(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.	74.94	131.77
(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)	271.41	271.41
(c) 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.	16.49	16.49

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.

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

(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 MSME Act	-	-

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
(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.

#### 23.4 Expenditure in foreign currency (accrual basis)

Travelling and conveyance	-	-
Others	-	-
	-	-

Income in foreign currency :-

Nature of Receipt	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Income from sale of Carbon Credit	-	-

#### 23.5 Note on Corporate Social Responsibility Expenditure

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

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:

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, 2022 (₹)	As at 31 March, 2021 (₹)
(i) CRAR (%)	94.05%	70.07%
(ii) CRAR - Tier I capital (%)	94.05%	70.07%
(iii) CRAR - Tier II Capital (%)	0.00%	0.00%
(iv) Amount of subordinated debt raised as Tier II capital (₹ in Crore)	0	0
(v) Amount raised by issue of Perpetual Debt Instruments	0	0

#### 24.2 Investments

1 Value of investments		
(i) Gross value of investments		
(a) In India	303.90	283.90
(b) Outside India		
(ii) Provision for diminution		
(a) In India		-
(b) Outside India		
(iii) Net value of investments		
(a) In India	303.90	283.90
(b) Outside India		

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
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 2022 and 31 March 2021. The Company has no unhedged foreign currency exposure as on 31 March 2022 and 31 March 2021.

#### 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 2022

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	-	-	-	-	-
Over 5 years	-	-	303.90	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>303.90</b>	<b>-</b>	<b>-</b>

\* net of provision for diminution in value of Investments

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

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	-	-	-	-	-
Over 5 years	-	-	283.90	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>283.90</b>	<b>-</b>	<b>-</b>

#### 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 2022 and 31 March 2021 (ii)

(ii) Exposure to Capital Market

The Company does not have any exposure to Capital Market as on 31 March 2022 and 31 March 2021

#### 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, 2022 and 31 March, 2021, 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 NPA s as at 31st March 2022 & 31st March 2021.

#### 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.

#### 24.17 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.

#### 24.18 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

#### 24.19 Disclosure of Customer Complaints

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
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.

#### 24.20 Details of Overseas Assets - Nil (Previous Year- Nil)

#### 24.21 Sponsored SPVs - Nil (Previous Year- Nil)

#### 24.22 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, 2022 (₹)

(₹ in Crore)

Particulars	Liabilities	Assets	
	Borrowings from Banks and others	Advances	Investments
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	-	-	-
Over 5 years	-	-	303.90
<b>Total</b>	<b>-</b>	<b>-</b>	<b>303.90</b>

As at March 31, 2021 (₹)

(₹ in Crore)

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	9.04	-	-
Over 1 year & upto 3 years	-	-	-
Over 3 years & upto 5 years	-	-	-
Over 5 years	-	-	283.90
<b>Total</b>	<b>9.04</b>	<b>-</b>	<b>283.90</b>

**24.23 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, 2022 (₹)

(₹ 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	-	-
(f) Other Loans (specify nature)	-	-
* Please see Note 1 below		

As at March 31, 2021 (₹)

(₹ 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*)	-	-
(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		

(₹ in Crore)

<b>2. Assets side:</b>	<b>As at March 31, 2022 (₹)</b>	<b>As at March 31, 2021 (₹)</b>
Break-up of Loans and Advances including bills receivables (other than those included in (4) below:		
(a) Secured		
(b) Unsecured		

(₹ in Crore)

<b>3. Break Up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	<b>As at March 31, 2022 (₹)</b>	<b>As at March 31, 2021 (₹)</b>
(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)

<b>4. Break-up of Investments</b>	<b>As at March 31, 2022 (₹)</b>	<b>As at March 31, 2021 (₹)</b>
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	-	-

	As at March 31, 2022 (₹)	As at March 31, 2021 (₹)
(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	283.90	283.90
(b) Preference	-	-
(ii) Debentures and Bonds	20.00	-
(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, 2022 (₹)**

(₹ 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, 2021 (₹)**

(₹ in Crore)

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, 2022 (₹)**

(₹ 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	898.74	303.90
(b) Companies in the same group	-	-
(c) other related parties	-	-
2. Other than related parties	-	-
<b>Total</b>	<b>898.74</b>	<b>303.90</b>

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	283.90
(b) Companies in the same group	-	-
(c) other related parties	-	-
2. Other than related parties	-	-
<b>Total</b>	<b>844.55</b>	<b>283.90</b>

**7. Other Information**

(₹ in Crore)

Particulars	As at March 31, 2022	As at March 31, 2021
(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**

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**  
Senior Partner  
M.No.: 023082

Place : Thrissur  
Date : 30/06/2022

For and on behalf of the Board of Directors,

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

Sd-  
**Minu Santhosh**  
Company Secretary

## Calculation of Capital Adequacy Ratio as on 31st March 2022

(₹ in Lakhs)

Particulars	Sub totals	Totals	Totals
<b>Tier I Capital</b>			
<b>Add:</b>			
1.Paid up equity capital	15,376.11		
2.Convertible preference shares	1,804.85		
3.Free reserves	8,914.84		
4.Share premium (balance in the account)	6,363.89		
5.Capital reserve (rep.sur+ of sale proceeds of asset)	-		
<b>Less:</b>			
1.Accumulated loss in balance sheet	-		
2.Book value of intangible assets	-		
3. Deferred Tax	14.57		
<b>Net owned fund</b>		<b>32,445.12</b>	
<b>Less:</b>			
1. Shares in other NBFCs	-		
2. Shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding 10% of owned fund.	27,145.49		
3. Fixed Deposits Other than Lien marked	350.00		
<b>Tier I Capital</b>		<b>4,949.63</b>	
<b>Contingent Liability</b>			
<b>Less: 50% of Securitisation Collaterals</b>	-	-	<b>4,949.63</b>
<b>Net Tier - I Capital</b>		<b>4,949.63</b>	
<b>Tier II Capital</b>			
<b>Add:</b>			
1. Non convertible preference shares	-		
2. revaluation reserve at discounted rate of 55%	-		
3. General provisions and loss reserves to the extent of (181/4)% of risk weighted assets.	-		
1.25 % of Risk Weighted Assets			
4. Hybrid debt and capital instruments	-		
5. Subordinated debt	-		
To the extent the discounting value does not exceeding 50% of Tier-I Capital			
<b>Limited to the extent of Tier I and II for the purpose of capital adequacy</b> (the total tier II capital at any point of time shall not exceed 100% of tier I)			
<b>Tier II Capital</b>	-		
Less: 50% of Securitisation Collaterals	-		

<b>Net Tier - II Capital</b>		-	
<b>Total of Tier I &amp; Tier II Capital</b>		<b>4,949.63</b>	
<b>Asset particulars</b>			
	Amount		
Cash and Bank balances including fixed deposits and certificates of deposits with bank	78.62	0%	-
Investments	-	100%	-
Investment in Subsidiary in equivalent of 10% of owned funds	3,244.51	100%	3,244.51
Loans and advances		100%	-
Fixed assets net of depreciation	1,598.36	100%	1,598.36
<b>Other assets</b>			
a) TDS-income tax (Net of advance tax)	-	0%	
b) Advance tax paid	-	0%	
c) Staff Advance	-	0%	
d) Commission from PFRDA		0%	-
e) Others to be specified	-	100%	-
<b>Total risk weighted assets</b>	<b>4,921.50</b>		<b>4,842.87</b>
Off Balance Items			
Income Tax Disputes	74.94	100%	74.94
Service Tax Disputes	271.41	100%	271.41
ESI Dispute	16.49	100%	16.49
Corporate Guarantee	-	-	-
Capital Commitments	-	-	-
<b>Total risk weighted assets</b>			<b>5,205.70</b>
<b>CRAR</b>			<b>95.08%</b>
			<b>0.9508</b>



# CONSOLIDATED FINANCIALS

## 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, 2022, 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, 2022, their consolidated loss 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, 2022. 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 company 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 Loss of Rs. 9.68 Crores and share of Other Comprehensive Income of Rs. 70.40 Crores (Loss) for the year ended March 31, 2022, 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, 2022 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, 2022 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, 2022.
- (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, 2021, as amended 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, 2022.
  - iv. During the Financial Year 2021-22, the company has declared dividend amount of Rs. 18,04,850 pertaining to Financial Year 2021-22 and has paid dividend of amount Rs. 3,07,34,160 pertaining to Financial Year 2020-21 which is in compliance with section 123(1) of the Act.
  - v. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding,

whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures, we have considered

Thrissur  
30 June 2022

reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

For A. John Moris & Co.,  
Chartered Accountants  
Firm Registration No.: 007220 S

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, 2022, 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, 2022, 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.

For A. John Moris & Co.,  
Chartered Accountants  
Firm Registration No.: 007220 S

CA G Kumar  
Senior Partner  
Membership No.: 023082

Thrissur  
30 June 2022

## Consolidated Balance Sheet as at 31 March 2022

Particulars	Note No.	As at Mar 31, 2022	As at Mar 31, 2021
		Amounts (₹ in Lakhs)	Amounts (₹ in Lakhs)
<b>Financial Assets</b>			
(a) Cash and Cash Equivalents	1	78.62	90.06
(b) Bank Balances other than (a) above	2	350.00	3,526.06
(c) Other Receivables	3	109.83	109.13
(d) Investments	4	44,110.24	50,118.64
		<b>44,648.69</b>	<b>53,843.89</b>
<b>Non Financial Assets</b>			
(a) Deferred Tax Assets(Net)		14.57	34.48
(b) Property, Plant and Equipment	6	1,598.36	1,596.59
(c) Income tax Assets (net)	11	11.94	-
(d) Other non-financial assets	5	150.70	146.87
		<b>1,775.57</b>	<b>1,777.94</b>
<b>Total Assets</b>		<b>46,424.26</b>	<b>55,621.83</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		-	-
(d) Borrowings	8	-	904.48
(e) Deposits			
(f) Subordinated Liabilities	9	-	-
(g) Other Financial liabilities	10	5.88	6.20
<b>2) Non Financial Liabilities</b>			
(a) Current tax liabilities	11	-	60.83
(b) Deferred tax liabilities (net)			
(c) Provisions	12	142.84	431.80
(d) Other Non- Financial Liabilities	13	95.61	95.25
<b>3) Equity</b>			
(a) Equity Share capital	14	17,180.96	17,180.96
(b) Other Equity	15	28,998.97	36,942.31
<b>Total Liabilities and Equity</b>		<b>46,424.26</b>	<b>55,621.83</b>

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

For and on behalf of the Board of Directors,

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

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

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Minu Santhosh**  
Company Secretary

Place : Thrissur  
Date : 30 June, 2022  
UDIN: 22023082AMRYMT2137

## Statement of Consolidated Profit and Loss for the period ended March 31, 2022

Particulars	Note No.	2021-22	2020-21
		Amounts (₹ in Lakhs)	Amounts (₹ in Lakhs)
Other Income	16	500.09	532.50
<b>TOTAL INCOME</b>		<b>500.09</b>	<b>532.50</b>
Expenses:			
(i) Finance costs	17	179.21	141.99
(vi) Employee Benefit Expense	18	127.36	131.71
(vii) Depreciation and Amortisation	6	10.03	12.92
(viii) Other expenses	19	45.43	30.18
<b>TOTAL EXPENSE</b>		<b>362.03</b>	<b>316.80</b>
Profit before Share of profit/(loss) of Associate Company, exceptional items and tax		138.06	215.70
Share of Profit/(Loss) of Associate Company		(968.23)	4,213.25
Profit before prior period, exceptional items and tax		(830.17)	4,428.95
Exceptional items		-	-
Profit before tax		(830.17)	4,428.95
Tax expense			
Current tax		35.04	54.11
Deferred Tax Expenses		19.92	(7.99)
		<b>54.96</b>	<b>46.12</b>
Profit or loss for the period from continuing operations		(885.12)	4,382.83
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>(885.12)</b>	<b>4,382.83</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
(A) (i) Items that will not be reclassified to profit or loss Share of OCI from Associate Company		(32.92)	(45.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>SUBTOTAL (A)</b>		<b>(32.92)</b>	<b>(45.09)</b>

(B) (i) Items that will be reclassified to profit or loss Share of OCI from Associate Company		(7,007.26)	(1,590.31)
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>SUBTOTAL (B)</b>		(7,007.26)	(1,590.31)
Other Comprehensive Income		(7,040.17)	(1,635.40)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		(7,925.30)	2,747.43
Earnings per equity share			
Basic		(0.59)	2.65
Diluted		(0.59)	2.64
Significant accounting policies			
Other notes on accounts			
Notes referred to above form an integral part of Profit & 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**  
Senior Partner  
M.No.: 023082

Place : Thrissur  
Date : 30 June, 2022  
UDIN: 22023082AMRYMT2137

For and on behalf of the Board of Directors,

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

Sd-  
**Minu Santhosh**  
Company Secretary

## Consolidated Cash Flow Statement for the year ended 31 March, 2022

Particulars	2021-22 Amounts (₹ in Lakhs)	2020-21 Amounts (₹ in Lakhs)
<b>A. Cash flow from operating activities</b>		
<b>Net profit after tax</b>	<b>(885.12)</b>	<b>4,382.83</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	10.03	12.92
Profit on Sale of Fixed Assets and investments	-	-
Finance Costs	179.21	141.99
Interest Income	(493.80)	(521.28)
Provisions/Liabilities no longer required written back	(0.68)	(1.27)
Provision for Income tax	54.96	46.12
Prior Period	-	(0.31)
Share of Profit of associate	968.23	(4213.25)
<b>Operating profit before working capital changes</b>	<b>(167.17)</b>	<b>(152.25)</b>
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Loans and advances	(0.70)	0.40
Other Assets	4.15	26.54
Balance in deposit accounts	3,176.06	-
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Trade payables	-	(12.53)
Other Liabilities	0.04	(141.74)
Provisions	(288.29)	(0.59)
<b>Cash generated from/(used in) operations</b>	<b>2,724.09</b>	<b>(280.17)</b>
Direct taxes paid	(115.79)	(45.38)
<b>Net cash from operating activities</b>	<b>2,608.30</b>	<b>(325.55)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(11.80)	(0.65)
Sale of fixed assets		
Bank balances not considered as Cash and cash equivalents (Net)		
(Purchase)/sale of investments	(2,000.00)	
Interest received	493.80	521.28
Gain on buyback by subsidiary		
<b>Net cash used in/(generated from) investing activities</b>	<b>(1,518.00)</b>	<b>520.63</b>

<b>C. Cash flow from financing activities</b>		
Proceeds from/(repayment) of borrowings	(904.48)	183.48
Interest paid	(179.21)	(141.99)
Dividend and Dividend Tax Paid	(18.05)	(369.86)
Redemption of non convertible debentures	-	(28.00)
<b>Net cash from financing activities</b>	<b>(1,101.74)</b>	<b>(356.37)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(11.44)</b>	<b>(161.29)</b>
<b>Opening Cash and cash equivalents</b>	<b>90.06</b>	<b>251.35</b>
<b>Closing Cash and cash equivalents</b>	<b>78.62</b>	<b>90.06</b>

Notes referred to above form an integral part of Profit & 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**  
Senior Partner  
M.No.: 023082

Place : Thrissur  
Date : 30 June, 2022  
UDIN: 22023082AMRYMT2137

For and on behalf of the Board of Directors,

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

Sd-  
**Minu Santhosh**  
Company Secretary

## Statement of changes in equity for the year ended March 31, 2022

### (A) Share Capital

Particulars	No. of Shares	Amounts (₹ in Lakhs)
Opening balance as on April 1, 2020	14,41,57,983.00	17,852.02
Shares issued during the year	1,34,21,133.00	1,342.11
Conversion of CCPS into Equity Shares	(20,13,170.00)	(2,013.17)
Balance as on March 31, 2021	15,55,65,946.00	17,180.96
Changes in Accounting policies or prior period errors	-	-
Restated Balance as on April 1, 2021	15,55,65,946.00	17,180.96
Shares issued during the year	-	-
Conversion of CCPS into Equity Shares	-	-
Balance as on March 31, 2022	15,55,65,946.00	17,180.96

### (B) Other Equity

Particulars	Equity			Reserves and Surplus			Other Comprehensive Income	Total
	Share Application Money Pending Allotment	component of compound financial instruments	Statutory Reserves	Capital Reserve	Securities Premium	Retained Earnings		
Balance at the beginning of the reporting period			5,239.23		6,363.89	21,402.09	3,937.10	33,005.21
Changes in accounting policy/prior period errors			-					-
Restated balance at the beginning of the reporting period			5,239.23		6,363.89	21,402.09	3,937.10	33,005.21
Profit/ Loss for the year after income tax					(885.12)			(885.12)
Other Comprehensive Income for the year							(7,040.17)	-
Total Comprehensive Income for the year								-
Dividends including Dividend Distribution tax paid during the year						(18.05)		(18.05)
Transfer to Statutory Reserve								-
Securities Premium on shares issued during the year								-
Balance at the end of the reporting period			5,239.23		6,363.89	20,498.92	(3,103.07)	28,998.97

## Notes accompanying the consolidated Financial Statements for the year ended March 31, 2022

Particulars	As at Mar 31, 2022 Amounts (₹ in Lakhs)	As at Mar 31, 2021 Amounts (₹ in Lakhs)
<b>1 Cash &amp; Cash Equivalent</b>		
Cash on hand	0.20	0.12
Balances with Bank		
- In current accounts		
Domestic	78.42	89.95
<b>Total</b>	<b>78.62</b>	<b>90.07</b>
<b>2 Other bank balance</b>		
- in deposit accounts	350.00	3,526.06
- 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		
<b>Total</b>	<b>350.00</b>	<b>3,526.06</b>
<b>3 Other receivables</b>		
Unsecured, considered good		
(a) Loans and advances to employees		
Related parties		
Others	28.33	28.00
(b) Loans and advances to related parties		
(c) Other receivables	81.50	81.13
<b>Total</b>	<b>109.83</b>	<b>109.13</b>
<b>4 Investments</b>		
<b>Investments in Associate :-</b>		
280,758,396 Equity Shares of 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	42,110.24	50,118.64
Bonds and Debentures in M/s ESAF Small finance Bank Limited.	2,000.00	-
<b>Total</b>	<b>44,110.24</b>	<b>50,118.64</b>
<b>5 Other Non Financial Assets</b>		
(a) Prepaid expenses	0.59	0.59
(b) Balances with Government authorities	21.72	21.92
(c) Compensated Leave Salary Assets	46.96	44.21
(d) Deposits	71.99	70.71
(e) Insurance claims receivable	4.09	4.09
(f) Other Current Assets	5.36	5.36
<b>Total</b>	<b>150.70</b>	<b>146.86</b>

**Note 6: Property Plant and Equipment**

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1 April, 2021	Additions	Disposals	Balance as at 31 March, 2022	Rate (%)	Balance as at 1 April, 2021	Depreciation for the year	Deletions	Balance as at 31 March, 2022	Balance as at 31 March, 2021
A. Tangible Assets										
Land	1,464.42			1,464.42	-	-	-	-	1,464.42	1,464.42
	(1,464.42)			(1,464.42)	-	-	-	-	(1,464.42)	(1,464.42)
Buildings	136.44			136.44		22.76	2.10		24.86	113.67
	(136.44)			(136.44)		(20.67)	(2.10)		(22.76)	(115.77)
Leasehold Buildings	26.41	11.24		37.65		15.53	7.20		22.73	10.88
	(22.00)	(4.41)		(26.41)		(7.59)	(7.93)		(15.53)	(14.41)
Furniture and Fittings	0.63			0.63		0.21	0.06		0.27	0.42
	(0.63)			(0.63)		(0.15)	(0.06)		(0.21)	(0.48)
Vehicles	55.95			55.95		49.56	-		49.56	6.39
	(55.95)			(55.95)		(47.11)	(2.45)		(49.56)	(8.84)
Computer and Accessories	4.81	0.56		5.37		4.01	0.67		4.68	0.80
	(4.16)	(0.65)		(4.81)		(3.63)	(0.38)		(4.01)	(0.53)
<b>Total</b>	<b>1,688.65</b>	<b>11.80</b>	<b>-</b>	<b>1,700.45</b>	<b>-</b>	<b>92.06</b>	<b>10.03</b>	<b>-</b>	<b>102.09</b>	<b>1,598.36</b>
	<b>(1,683.60)</b>	<b>(5.06)</b>	<b>-</b>	<b>(1,688.65)</b>	<b>-</b>	<b>(79.14)</b>	<b>(12.92)</b>	<b>-</b>	<b>(92.06)</b>	<b>(1,604.45)</b>

**Note:**

1) Figures in brackets relate to previous year.

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

Particulars		As at Mar 31, 2022 Amounts (₹ in Lakhs)	As at Mar 31, 2021 Amounts (₹ in Lakhs)
<b>7</b>	<b>Trade Payable</b>		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>8</b>	<b>Borrowings</b>		
	Secured Loans		
	Term Loan from Banks	-	904.48
	<b>Total</b>	<b>-</b>	<b>904.48</b>
<b>9</b>	<b>Subordinated Liabilities</b>		
	Non Convertible Debentures	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>10</b>	<b>Other Financial Liabilities</b>		
	(a) Current maturities of Non Convertible Debentures	-	-
	(b) Current maturities of vehicle loan	-	-
	(c) Interest accrued but not due on borrowings	-	-
	(d) Matured Non Convertible Debentures and Interest accrued thereon	5.88	6.20
	<b>Total</b>	<b>5.88</b>	<b>6.20</b>
<b>11</b>	<b>Income Tax Liabilities/(Assets)</b>		
	Current Tax liabilities/(Assets)	(11.94)	60.83
	<b>Total</b>	<b>(11.94)</b>	<b>60.83</b>
<b>12</b>	<b>Provisions</b>		
	(i) Provision for compensated absences	6.09	6.09
	(ii) Provision for proposed preference dividend	18.05	307.34
	(iv) Loans and advances to employees	28.33	28.00
	(v) Other provisions	90.37	90.37
	<b>Total</b>	<b>142.84</b>	<b>431.80</b>
<b>13</b>	<b>Other Non- Financial Liabilities</b>		
	(a) Other payables		
	(i) Statutory remittances	12.78	10.96
	(iii) Payable to ESAF Employees Gratuity Trust	3.44	3.62
	(iv) Lease Liability	15.82	12.45
	(iv) Others	63.57	68.23
	<b>Total</b>	<b>95.61</b>	<b>95.26</b>

## 14 Equity Share Capital

Particulars	As at 31 March, 2022		As at 31 March, 2021	
	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs
<b>I) Authorised :</b>				
Equity shares of ₹10/- each with voting rights	19,00,00,000	19,000.00	19,00,00,000	19,000.00
Preference shares of ₹100/- each	60,00,000	6,000.00	60,00,000	6,000.00
<b>Issued, paid up and subscribed</b>				
Equity shares of ₹10/- each with voting rights	15,37,61,096	15,376.11	15,37,61,096	15,376.11
Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	18,04,850	1,804.85	18,04,850	1,804.85
	<b>15,55,65,946</b>	<b>17,180.96</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

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

At the beginning of the year	15,55,65,946	17,180.96	14,41,57,983	17,852.02
Issued during the year as fully paid up on conversion	-	-	1,34,21,133	1,342.11
Conversion of CCPS into Equity Shares	-	-	(20,13,170)	(2,013.17)
<b>At the end of the year</b>	<b>15,55,65,946</b>	<b>17,180.96</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

### 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 2022 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% into 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 18,04,850 CCPS of ₹100/- each attracting 1% 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 31 March, 2022		As at 31 March, 2021	
	Number of Shares	% of Shares	Number of Shares	% of Shares
ESAF Swasraya Multistate Agro Co-operative Society Limited (Formerly ESAF Swasraya Multistate Co-operative Credit Society Limited)	9,76,16,607	63.49%	9,76,16,607	63.49%
Dia Vikas Capital Private Limited	3,07,30,000	19.99%	3,07,30,000	19.99%
SIDBI Trustee Company Ltd	1,71,76,230	11.17%	1,71,76,230	11.17%
	<b>14,55,22,837</b>	<b>94.64%</b>	<b>14,55,22,837</b>	<b>94.64%</b>

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

Dia Vikas Capital Private Limited	18,04,850	100%	18,04,850	100.00%
	<b>18,04,850</b>	<b>100.00%</b>	<b>18,04,850</b>	<b>100.00%</b>

**15 Other Equity**

Particulars	As at 31 March, 2022 Amounts (₹ in Lakhs)	As at 31 March, 2021 Amounts (₹ in Lakhs)	As at 31 March, 2020 Amounts (₹ in Lakhs)
Other Reserves			
General reserve			
As per last balance sheet	5,239.23	4,362.66	2,522.87
Add : transferred from statement of profit and loss	-	876.57	1,839.79
	<b>5,239.23</b>	<b>5,239.23</b>	<b>4,362.66</b>
<b>Security premium reserve</b>			
Opening balance	6,363.89	5,692.83	5,692.83
Addition during the year	-	671.06	-
	<b>6,363.89</b>	<b>6,363.89</b>	<b>5,692.83</b>
<b>Retained Earnings</b>			
Profit and loss account			
Opening balance	21,402.09	18,203.17	11,215.13
Add: transfer due to amalgamation			
Add: Profit for the year	(885.12)	4,382.83	9,198.96
Add: Addition due to adoption of IND-AS	-	-	-
Less: Transferred to Other Reserve	-	876.57	1,839.79
	<b>20,516.97</b>	<b>21,709.44</b>	<b>18,574.30</b>
Less: Appropriation			
(a) General Reserve			
(b) Preference Dividend	18.05	307.34	307.34
(c) Tax on dividend	-	-	63.78
	<b>18.05</b>	<b>307.34</b>	<b>371.12</b>
<b>Other Comprehensive Income</b>			
As per Last Balance sheet date	3,937.10	5,572.50	503.18
Add/(Less): Movement in OCI (net) during the year	(7,040.17)	(1,635.40)	5,069.32
	<b>(3,103.07)</b>	<b>3,937.10</b>	<b>5,572.50</b>
Balance to be carried forward	<b>28,998.97</b>	<b>36,942.31</b>	<b>33,831.17</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 ₹ NIL/- (Previous year ₹8,76,56,747/-), 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.

Particulars	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
<b>16 Other Income</b>		
Interest Income on Advance given	-	-
Interest income on Fixed Deposits	493.80	521.28
Profit on Sale of Fixed Assets		-
Provisions/Liabilities no longer required written back	0.68	1.27
Miscellaneous Income	2.94	3.28
Rent received	2.67	6.67
	<b>500.09</b>	<b>532.50</b>
<b>17 Finance Cost</b>		
(a) Interest expense on:		
(i) Borrowings from Banks	177.92	139.06
(ii) Debentures	-	0.61
(iii) Interest on Lease payment	1.29	2.32
<b>Total</b>	<b>179.21</b>	<b>141.99</b>
<b>18 Employee Benefit Expense</b>		
Salaries, Wages and Bonus	121.58	126.43
Contributions to provident and other funds	5.03	4.91
Staff welfare expenses	0.75	0.37
	<b>127.36</b>	<b>131.71</b>
<b>19 Other expenses</b>		
Electricity and Water Charges	0.99	0.65
Rent	-	0.02
Vehicle Maintenance	3.32	1.32
Office Maintenance & Meeting expenses	0.25	0.51
Bank Charges	0.59	0.09
Rates and Taxes	2.43	0.34
Telephone and Internet expenses	0.06	0.39
Travelling and conveyance	0.06	0.04
Printing and stationery	0.96	1.06
Legal and professional	21.60	10.68
Payments to auditors	5.31	5.00
Directors Sitting Fee	5.40	5.20
Other Expenses	4.46	4.87
	<b>45.43</b>	<b>30.18</b>

## Notes accompanying the Financial Statements for the year ended March 31, 2022

### 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.

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 Financial Holdings Private Limited is less than half of the total voting power of ESAF Small Finance Bank.

Consequently ESAF Financial 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 requirements set out for the classification of a company as subsidiary is not fulfilled, ESAF Small Finance Bank is considered as Associate for the purpose of Consolidation.

### 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.

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.

#### c. Property, plant and equipment

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.

#### d. Intangible assets

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

#### e. Depreciation

i) Property, Plant and equipment

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

i) Property, Plant and equipment

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 Software	Upto 3 years

#### f. Functional and presentation currency

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.

#### g. Investments in Associate

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.

#### h. Impairment of Assets

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.

## **i. Income Tax**

### **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.

## **j. Leases**

### **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.

## **k. Financial Instruments**

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

### **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.

## **i. 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.

## **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.

## **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.

## **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, leave salary benefits, 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.

#### **Defined benefit plans**

For defined benefit plans in the form of gratuity fund and post-employment medical benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value

of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

**p. Provisions, contingent liabilities and contingent assets**

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.

**q. Segment accounting**

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

**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).

**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 Limited Evangelical Social Action Forum SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Key Management Personnel (KMP)	Mrs. Mereena Paul
Relatives of KMP	Mrs. Emy Acha Paul, daughter of Mrs. Mereena Paul
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:

Sl. No.	Particulars	Related Party	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
1	Loans availed against Fixed deposit	ESAF Small Finance Bank Limited	2,158.00	190.00
2	Interest Paid	ESAF Small Finance Bank Limited	177.92	138.71
3	Remuneration to KMP	Mrs. Mereena Paul	86.41	83.98
4	Sitting fee paid	Mrs. Emy Acha Paul	0.20	-
5	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.11	-
6	Interest Income on FD	ESAF Small Finance Bank Limited	493.80	521.28
7	Rent paid	Mrs. Mereena Paul	2.54	2.71
8	Transactions in Current Account (net)	ESAF Small Finance Bank Limited	3.89	(125.96)
9	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	-

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

Sl. No.	Particulars	Related Party	Amounts due (to)/ from 31-03-2022 (₹ in Lakhs)	Amounts due (to)/ from 31-03-2021 (₹ in Lakhs)
1	Loan against FD	ESAF Small Finance Bank Ltd	-	904.48
2	Other Current Liabilities	Mrs. Mereena Paul	13.06	12.42
		Evangelical Social Action Forum	14.31	14.31
3	Rent Deposit	Mrs. Mereena Paul	0.50	0.50
4	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12.50	12.50
5	Interest Payable	ESAF Small Finance Bank Ltd	-	138.71
6	Investments in Equity shares	ESAF Small Finance Bank Ltd	28,390.00	28,390.00
7	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	398.72	3,570.89
8	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	-

c) Terms and conditions of transactions with related parties:

There have been no guarantees provided or received for any related party receivables or payables.

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, 2022, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2021 : ₹ 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, 2022 (₹ in Lakhs)	As at 31 March, 2021 (₹ in Lakhs)
<b>Tax effect of items constituting deferred tax Liabilities</b>		
On difference between book balance and tax balance of fixed assets	(17.88)	2.12
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	30.86	30.78
<b>Deferred tax assets</b>	<b>14.57</b>	<b>34.48</b>

### 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		2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(903.17)	4,075.49
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	15,37,61,096	15,37,61,096
<b>Basic earnings per equity share (₹)</b>	<b>A / B</b>	<b>(0.59)</b>	<b>2.65</b>
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(903.17)	4,075.49
Add : Interest on convertibles (net of tax)	B	18.05	307.34
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	(885.12)	4,382.83
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	15,37,61,096	15,37,61,096
Add : Shares deemed to be issued for no consideration in respect of :	E	1,20,32,333	1,20,32,333
Compulsorily convertible preference share capital	F	1,20,32,333	1,20,32,333
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	16,57,93,429	16,57,93,429
<b>Diluted earnings per equity share (₹)</b>		<b>(0.53)</b>	<b>2.64</b>
<b>Diluted earnings per equity share(considering Antidilution) (₹)</b>		<b>(0.59)</b>	<b>2.64</b>
Face value per equity share (₹)		10.00	10.00

Note: As conversion of convertible preference shares is anti dilutive in nature, basic EPS is treated as diluted EPS

## A7. Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2022 (₹ in Lakhs)			31.03.2021 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
<b>Financial asset</b>							
Trade receivables	3			109.83	-	-	109.13
Cash and cash equivalents	1			78.62	-	-	90.07
Other Bank Balances	2			350.00			3,526.06
<b>Total Financial Asset</b>				<b>538.45</b>	<b>-</b>	<b>-</b>	<b>3,725.26</b>
<b>Financial liability</b>							
Loans from Financial institutions	8			-	-	-	904.48
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-			-
Other Financial Liabilities	10			5.88	-	-	6.20
<b>Total Financial Liabilities</b>				<b>5.88</b>	<b>-</b>	<b>-</b>	<b>910.67</b>

## A8. Disclosure pursuant to Ind AS 12 - Income taxes

The major components of income tax expense for years ended 31 March 2022 and 31 March 2021 are:

Particulars	As at 31 March, 2022 (₹ in Lakhs)	As at 31 March, 2021 (₹ in Lakhs)
<b>Current income Tax :</b>		
Current income tax charge	35.04	54.11
Adjustments of current tax of previous year		-
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	19.92	(7.99)
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
<b>Income tax reported in the statement of profit and loss</b>	<b>54.96</b>	<b>46.12</b>
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 30.06.2022 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.

## Notes forming part of standalone financial statements

### Note 22 Disclosures under Accounting Standards

#### 22.1 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. 5,03,214 /- (Year ended 31 March, 2021 Rs.4,89,998 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2021 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 Lakhs)

Particulars	Year ended 31 March, 2022 (₹)	Year ended 31 March, 2021 (₹)
Current Service Cost	0.25	1.21
Interest cost	1.62	1.88
Expected return on plan assets	(5.30)	(5.60)
Actuarial Loss/(Gain)	(5.52)	(1.36)
Past Service Cost	0.43	11.85
Employer expense /(Income)	(8.52)	7.98
<b>Actual contribution and benefit payments for the year</b>		<b>(₹ in Lakhs)</b>
Actual benefit payments	(0.27)	(4.35)
Actual contributions	-	-
<b>Net (asset) / liability recognised in the Balance Sheet</b>		<b>(₹ in Lakhs)</b>
Present value of defined benefit obligation	30.95	32.41
Fair Value of plan assets	113.74	106.25
Funded status [Surplus / (Deficit)]	82.79	73.84
Net liability/(asset) recognised in the Balance Sheet	(82.79)	(73.84)
<b>Change in defined benefit obligations (DBO) during the year</b>		<b>(₹ in Lakhs)</b>
Present Value of DBO at beginning of the year	32.41	34.14
Current Service Cost	0.25	1.21
Interest Cost	1.62	1.88
Benefits Paid	(0.27)	(4.35)
Actuarial Loss/(Gain)	(3.06)	(0.47)
Past Service Cost	-	-
Present Value of DBO at end of the year	30.95	32.41
<b>Change in fair value of assets during the year</b>		<b>(₹ in Lakhs)</b>
Fair Value of plan assets at beginning of the year	106.25	104.11
Contributions by employer	-	-
Benefits paid	(0.27)	(4.35)
Expected return on plan assets	5.30	5.60
Actuarial Gain/(Loss)	2.46	0.89
Transfer in/(out) *	-	-
Fair Value of plan assets at end of the year	113.74	106.25
Actual return on plan assets	7.76	6.49
Expected employer contribution for the coming period	-	-

Composition of plan assets is as follows:

Particulars	Year ended 31 March, 2022 (₹)	Year ended 31 March, 2021 (₹)
Government bonds	0%	0%
PSU bonds	0%	0%
Insurer managed funds* (Non Unit -Linked)	97%	97%
Insurer managed funds* (Unit -Linked)	3%	3%

\* 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

Discount Rate	5.4%	5%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	5%	5.5%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees	3 years	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	2021-22	2020-21	2019-20	2018-19	2017-18
Present value of DBO	3,095	3,241	3,414	3,052	3,530
Fair value of plan assets	11,374	10,625	10,411	6,784	24,860
Funded status [Surplus/(Deficit)]	8,279	7,384	6,997	3,732	21,330
Experience adjustment on plan liabilities: (Gain)/Loss	(280)	(95)	(70)	(640)	1,106
Experience adjustment on plan assets: Gain/(Loss)	193	(54)	41	68	356

#### Actuarial Assumptions - Long Term Compensated absences

Particulars	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Discount rate	5.40%	5.00%
Expected return on plan assets	5.00%	5.50%
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

#### 22.2 Segment Reporting:-

The Company does not have any business segments as at 31 March 2022 and 31 March 2021. 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.

## Note 23 Additional information to the financial statements

### 23.1 Payment to Auditors comprise of

Particulars	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Statutory audit fee	5.00	5.00
Other certification fee	-	-
Out of pocket expenses	0.31	-
	<b>5.31</b>	<b>5.00</b>

### 23.2 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
<b>i Contingent liabilities</b>		
(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.	74.94	131.77
(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)	271.41	271.41
(c) 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.	16.49	16.49

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.

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

(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	-	-

Particulars	As at 31 March, 2022 (₹)	As at 31 March, 2021 (₹)
(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.

#### 23.4 Expenditure in foreign currency (accrual basis)

Travelling and conveyance	-	-
Others	-	-
	-	-

Income in foreign currency :-

Nature of Receipt	For the Year ended 31 March, 2022 (₹)	For the Year ended 31 March, 2021 (₹)
Income from sale of Carbon Credit	-	-

#### 23.5 Note on Corporate Social Responsibility Expenditure

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

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:

Construction/acquisition of any asset	-	-	-
On purposes other than above	-	-	-

### Note 24 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.

For and on behalf of the Board of Directors,

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

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

Sd-  
**Abraham Thariyan**  
Director  
DIN:07132831

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

Sd-  
**Krishnasadan Krishnakumar**  
Chief Financial Officer

Sd-  
**Minu Santhosh**  
Company Secretary

Place : Thrissur  
Date : 30 June, 2022  
UDIN: 22023082AMRYMT2137

## Calculation of Capital Adequacy Ratio as on 31st March 2022

(₹ in Lakhs)

Particulars	Sub totals	Totals	Totals
<b>Tier I Capital</b>			
<b>Add:</b>			
1.Paid up equity capital	15,376.11		
2.Convertible preference shares	1,804.85		
3.Free reserves	22,635.08		
4.Share premium (balance in the account)	6,363.89		
5.Capital reserve (rep.sur+ of sale proceeds of asset)	-		
<b>Less:</b>			
1.Accumulated loss in balance sheet	-		
2.Book value of intangible assets	-		
3. Deferred Tax	14.57		
<b>Net owned fund</b>		<b>46,165.36</b>	
<b>Less:</b>			
1. Shares in other NBFCs	-		
2. Shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding 10% of owned fund.	39,493.70		
3. Fixed Deposits Other than Lien marked	350.00		
<b>Tier I Capital</b>		<b>6,321.66</b>	
<b>Contingent Liability</b>			
<b>Less: 50% of Securitisation Collaterals</b>	-	-	<b>6,321.66</b>
<b>Net Tier - I Capital</b>		<b>6,321.66</b>	
<b>Tier II Capital</b>			
<b>Add:</b>			
1. Non convertible preference shares	-		
2. revaluation reserve at discounted rate of 55%	-		
3. General provisions and loss reserves to the extent of (1&1/4)% of risk weighted assets.	-		
1.25 % of Risk Weighted Assets			
4. Hybrid debt and capital instruments	-		
5. Subordinated debt	-		
To the extent the discounting value does not exceeding 50% of Tier-I Capital			
<b>Limited to the extent of Tier I and II for the purpose of capital adequacy</b> (the total tier II capital at any point of time shll not exceed 100% of tier I)			
<b>Tier II Capital</b>	-		
Less: 50% of Securitisation Collaterals	-		
<b>Net Tier - II Capital</b>		-	
<b>Total of Tier I &amp; Tier II Capital</b>		<b>6,321.66</b>	
<b>Asset particulars</b>			

	Amount		
Cash and Bank balances including fixed deposits and certificates of deposits with bank	78.62	0%	-
Investments	-	100%	-
Investment in Subsidiary in equivalent of 10% of owned funds	4,616.54	100%	4,616.54
Loans and advances		100%	-
Fixed assets net of depreciation	1,598.36	100%	1,598.36
<b>Other assets</b>			
a) TDS-income tax (Net of advance tax)	-	0%	
b) Advance tax paid	-	0%	
c) Staff Advance	-	0%	
d) Commission from PFRDA		0%	-
e) Others to be specified	-	100%	-
<b>Total risk weighted assets</b>	<b>6,293.52</b>		<b>6,214.90</b>
Off Balance Items			
Income Tax Disputes	131.77	100%	131.77
Service Tax Disputes	271.41	100%	271.41
ESI Dispute	16.49	100%	16.49
Corporate Guarantee	-	-	-
Capital Commitments	-	-	-
<b>Total risk weighted assets</b>			<b>6,634.57</b>
<b>CRAR</b>			<b>95.28%</b>
			<b>0.9528</b>





**Registered & Corporate Office:**  
No. X/109/M4, Second Floor,  
Hephzibah Complex, Mannuthy P.O,  
Thrissur, Kerala – 680651

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