



Holding the seed of joy

Annual Report 2022-23



Formerly ESAF Microfinance &
Investments (P) Ltd.

CORPORATE INFORMATION

Registered & Corporate Office:
No. X/109/M4, Second Floor, Hephzibah Complex, Mannuthy,
Mannuthy - Palakkad NH, Thrissur, Kerala – 680651
CIN: U65910KL1996PTC077288
RBI Registration Number: B-16-00218
Website: www.esafholdings.com
E-mail: ro@esafholdings.com



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.

OUR INVESTORS



OUR BANKERS



THE JOURNEY OF ESAF 1992 - 2023

<p>1992</p>  <p>Established ESAF Society as an NGO</p>	<p>1995</p>  <p>Launched microcredit operations under Micro Enterprises Development Project, with the support of EFICOR</p>	<p>1995</p>  <p>ESAF launched Micro Enterprise Development (MED) initiative (First in Kerala) and disbursed first loan at Methala, Thrissur</p>	<p>1997</p>  <p>K. Paul Thomas, Founder & MD met Prof. Muhammed Yunus in Bangladesh to understand the nuances of microcredit.</p>	<p>1998</p>  <p>Received Seed capital from Grameen Trust, Bangladesh</p>	<p>2000</p>  <p>Funding from major financial institutions started</p>
<p>2004</p>  <p>Expanded operations to Tamil Nadu, Maharashtra and Chattisgarh</p>	<p>2007</p>  <p>Attained ₹1,000 million cumulative disbursements.</p>	<p>2007</p>  <p>Wins Micro-Insurance Award instituted by ING Netherlands and Planet Finance India.</p>	<p>2008</p>  <p>Ranked 14th in the world, and 4th in India for transparency and efficiency, by MIX Market.</p>	<p>2008</p>  <p>MED operations transformed to ESAF Microfinance (RBI Licenced NBFC) after acquiring the portfolio from ESAF NGO</p>	<p>2009</p>  <p>Equity Investment by Dia Vikas Capital (P) Ltd., a wholly owned subsidiary of Opportunity International, Australia.</p>
<p>2009</p>  <p>Selected by International Labour Organization (ILO) for the project 'Microfinance for decent work'.</p>	<p>2010</p>  <p>Equity investment by Maanaveeya Holdings (P) Ltd., a wholly owned subsidiary of Oiko Credit, Netherlands.</p>	<p>2010</p>  <p>Selected by the Govt. of India as an aggregator for Swavalamban Yojana, pension scheme (NPS Lite).</p>	<p>2011</p>  <p>Rated mFR4 by CRISIL. Rated B+ (Responsible Microfinance) and ₹B+ (Social Rating) by M-CRIL.</p>	<p>2011</p>  <p>ESAF Swasraya Multistate Co-op. Credit Society got incorporated</p>	<p>2012</p>  <p>SROI Study suggests that, for the equivalent of every ₹1 invested in ESAF Microfinance, ₹3.19 is returned in social value.</p>
<p>2012</p>  <p>Rated mFR3 by CRISIL Ratings</p>	<p>2013</p>  <p>Selected by World Bank Group for 'India Development Marketplace' award.</p>	<p>2013</p>  <p>MF Transparency has awarded an official seal of transparency for transparent pricing.</p>	<p>2013</p>  <p>K. Paul Thomas, CMD becomes the Director of MFIN</p>	<p>2013</p>  <p>Selected as Service Provider for Mahatma Gandhi Pravasi, Suraksha Yojana by the Govt. of India.</p>	<p>2013</p>  <p>ESAF wins the title Socially Transparent and Responsible (STAR) MFI 2013, granted by MIX Market.</p>
<p>2014</p>  <p>Wins Truelift Aspirant Certificate completing the self assessment of Truelift indicators based on pro-poor principles.</p>	<p>2014</p>  <p>ESAF wins Disability Inclusion Award</p>	<p>2014</p>  <p>ESAF among the finalists to receive the prestigious European Microfinance Award</p>	<p>2014</p>  <p>K. Paul Thomas, CMD wins Emerging Entrepreneur of the year Award by The Indus Entrepreneurs (TIE)</p>	<p>2014</p>  <p>Received 'NBFC-MFI' licence from Reserve Bank of India</p>	<p>2014</p>  <p>SIDBI acknowledges ESAF's gender mainstreaming strategy</p>
<p>2014</p>  <p>Rated mFR2 by CRISIL Ratings</p>	<p>2014</p>  <p>Launches Ultra Poor Program in Jharkhand</p>	<p>2015</p>  <p>ESAF Launched Loans for Individuals</p>	<p>2015</p>  <p>ESAF Launched Lahanti Institute of Multiple Skills in Jharkhand</p>	<p>2015</p>  <p>Rated A- by Brickwork Ratings a premier rating agency.</p>	<p>2015</p>  <p>ESAF Quarterly Newsletter 'Lahanti' wins NIB Award among corporate journals in India.</p>

2015	2015	2015	2015	2015	2016
 Professional Risk Opinion Graded MF12+ and Bank Loan Rating 'BBB+' by Care Ratings	 The Cultural Village project of ESAF won the Walking Visionary Award from Walk 21	 ESAF Crossed ₹10 Billion Gross Loan Portfolio	 K. Paul Thomas, CMD wins CEO Excellence of the year Award by DC Media.	 ESAF Launched Housing Loan in association with Microbuild India Habitat	 ESAF received SKOCH Order of Merit Award for its excellence in Financial Inclusion space
2016	2016	2016	2016	2016	2016
 Crossed 1 Million Members & 20 Billion Loan Portfolio	 ESAF Received Special Jury Award for serving MSMEs from Chamber of Indian Micro Small & Medium Enterprises	 K. Paul Thomas, CMD wins Dhanam Marketing Man of the Year 2015	 Graded MF1 by Care Ratings	 ESAF Chairman K. Paul Thomas won 'Entrepreneur of the Year' Award by TIE Kerala.	 ESAF received Indywood CSR Excellence Award
2016	2017	2017	2017	2017	2017
 ESAF won Inclusive Finance India award by ACCESS ASSIST	 ESAF Annual Report wins NIB Award (Gold) for Best Annual Report	 ESAF received ₹10 Million as the first tranche of Carbon Credit revenue and became the first MF1 from India to win Carbon Credit revenues.	 ESAF celebrated 25 years of Social Service	 ESAF won 'Banking Excellence Award' from Chamber of Indian Micro Small & Medium Enterprises	 AMCOS, Association of Multi State Co-operative Societies honoured ESAF Chairman K. Paul Thomas for his glorious contributions to the Co-operative sector
2017	2017	2018	2018	2018	2018
 ESAF launched ESAF Small Finance Bank, the first bank from Kerala since independence	 K. Paul Thomas elected to Sa-Dhan, the oldest and largest association of community development finance institutions.	 ESAF Small Finance Bank opened 100 new Retail Banking Outlets	 K. Paul Thomas won TMA Management Excellence Award	 Govt. of India picks ESAF for Atal Pension Yojana	 K. Paul Thomas won Chamber of Commerce Award 2018
2018	2018	2018	2019	2019	2019
 ESAF Small Finance Bank receives Scheduled Bank status	 ESAF Small Finance Bank becomes the FIRST bank from India to become member of Global Alliance for Banking on Values	 ESAF Small Finance Bank among the finalists to the prestigious European Microfinance Award	 ESAF Small Finance Bank wins the Economic Times Best BFSI Brand 2019 Award	 ESAF Small Finance Bank Launches the 'HUMANOID ROBOT' named 'EIDA'	 ESAF Small Finance Bank opens 222 new Retail Banking Outlets
2019	2020	2020	2020	2020	2021
 ESAF Microfinance and Investments changed its name to ESAF Financial Holdings	 ESAF Financial Holdings Private Limited Registered as Core Investment Company with the Reserve Bank of India.	 ESAF Small Finance Bank wins Energy & Environment Foundation Global Sustainability Award	 ESAF Small Finance Bank Business Crosses Rs. 10,000 Crores	 ESAF Small Finance Bank receives Great Place to Work Certification	 ESAF Small Finance Bank initiates LSEDP training in 250 Panchayats of Kerala in partnership with NABARD
2022	2022	2022	2022	2022	2023
 ESAF Celebrates 30 years Social Service	 ESAF Small Finance Bank spreads its wings to 23 States of India with over 55,00,000 Customer base	 Mrs. Mereena Paul won TMA Award for Best Woman Manager	 ESAF Financial Holdings (P) Ltd. shifted its Registered Office from Tamil Nadu to Kerala	 ESAF Small Finance Bank receives the Prestigious Rising Brand of Asia Award 2022 instituted by BARC Asia	 ESAF SFB bagged Prestigious Inclusive Finance India Awards 2022 for its contributions in advancing the goal of financial inclusion and supporting inclusive growth

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BOARD OF DIRECTORS



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



MR. ABRAHAM THARIYAN



MR. R. V. DILIP KUMAR



MR. VIKRAMAN AMPALAKKAT



MR. MARK ROBERT DANIELS



MR. AJAYAN M. G.



MRS. EMY ACHA PAUL



MRS. PHILOMINA

Chief Financial Officer
Company Secretary
Statutory Auditors

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

CONTENTS

07



Message from the
Chairperson &
Managing Director

08



Joyful Stories of
Transformation

10



Notice of Annual
General Meeting

16



Directors'
Report

31



Report on
Corporate Governance

36



Management
Discussion and Analysis

37



Standalone
Financials

74



Consolidated
Financials



MESSAGE FROM THE CHAIRPERSON AND MANAGING DIRECTOR



Dear Shareholders

A transformative fiscal year has come to an end, and it fills me with great satisfaction to present our accomplishments during this period of expansion and renewal. The global stage has borne witness to a remarkable resurgence following unprecedented challenges, and I'm pleased to announce that our organisation too has thrived. The revival of economies worldwide is evident, and the Indian economic landscape is following suit with a steady and robust recovery. Particularly noteworthy, the initial quarter of 2023-24 has marked an impressive GDP growth rate of 7.80%, setting an encouraging tone for progress and advancement across diverse sectors such as banking, financial services, and tourism. This resurgence reflects not only the resilience of our country but also the collective strength of the global economic community.

Embracing our role as an investment enterprise, we have consistently performed well throughout the past year. Our total revenue for the financial year 2022-2023 has amounted to 318.05 lakh, accompanied by a commendable profit of 102.68 lakh. The organisation we support, ESAF Small Finance Bank (ESAF SFB), has equally demonstrated remarkable growth in

its operational profits. Over the previous year, ESAF SFB has embarked on an ambitious expansion journey, extending its reach to 21 states and 2 union territories. The branch network has also witnessed expansion from 575 branches to 700. It is with a sense of profound gratification that we, as promoters, observe the exponential progress and overall performance of the bank.

As you're aware, our core mission revolves around being a catalyst for positive change within our society. While global dynamics have evolved, challenges persist, necessitating our proactive involvement. In the past year, we've initiated a range of projects that directly contribute to the advancement of marginalised communities, aligning with our vision for sustainable progress.

As we venture into the future, our commitment to driving impactful change remains unwavering. By harnessing innovation and collaboration, we aspire to continue building a just and equal tomorrow for all.

It is pertinent to mention that the eagerly awaited Initial Public Offering (IPO) by ESAF SFB remains on the horizon, as we are waiting for the optimal economic conditions. The growth of the Indian economy, coupled with the growing brand reputation of ESAF and its optimistic growth trajectories, undoubtedly positions the IPO for a grand success.

The foundation of our strength rests within our investors. It is with genuine appreciation that I extend my gratitude to all our investors, with special mention to ESAF Swasraya Multi-State Agro Cooperative Society, Dia Vikas Capital, and the SIDBI venture-Samrudhi Fund. My acknowledgements extend to the regulatory bodies, auditors, dedicated employees, and all stakeholders who have sincerely supported our journey since its inception. I am equally thankful to our investee company, ESAF SFB, and its adept management team, who consistently excel and drive admirable progress. A heartfelt tribute goes to our esteemed Board of Directors for their unwavering support and counsel. Together, let us endeavour to achieve remarkable milestones within our sector, building our legacy as both a forward-looking investment entity and a socially conscious enterprise.

Thanking you with prayers.

Mereena Paul

Chairperson & Managing Director



SHE WEAVES HER WAY TO SUCCESS WITH ESAF!

**Maheshwari Mohali,
Dumka, Jharkhand**

Dumka, a quaint hamlet in Jharkhand, stands as a living testimony to ESAF Small Finance Bank's focus on transforming society by spreading the virtues of inclusivity. The bank was largely responsible for bringing the benefits of banking to the rural population. No wonder, over the years, ESAF has become a household name among the villagers.

Maheshwari Mohali is one of the many villagers whose lives were transformed through ESAF. Her family is made up of eight members, which includes three biological children and six dependent children. She is a member of the Mabhli tribe, a tribe that is on the verge of extinction. The tribe's naivety and lack of familiarity with the ways of contemporary society were the two main factors that led to their decline.

The womenfolk of the tribe are quite adept at multitasking as they meet their household responsibilities and entrepreneurial tasks with equal élan. They are particularly skilled in producing a wide range of bamboo-based handicrafts that are beautiful as well as ecologically sustainable.

Despite being highly-skilled artisans, decent returns from their skills continued to evade them for a long time. The usurious middlemen used to take advantage of their naivety; they procured the products from the artisans at cheap rates and sold them at high prices after ensuring higher margins.

Maheshwari's life was no different from other artisans. Her fortunes turned for the good when one fine day, an ESAF member discovered her exquisite handicrafts. He quickly recognized her potential and offered her a chance to refine her skills at the LIMS training facility in Dumka.

Prior to joining ESAF's Program, Maheshwari had no knowledge about the importance of savings or the formal methods to save money. After she joined LIMS, she learned the benefits of opening a bank account, and soon she became an account holder with ESAF Bank. Through LIMS's training, she was introduced to contemporary tools, designs, and methods that were otherwise alien to her.



Before joining LIMS, the family struggled for survival, and saving money for the future was a distant dream. With the support of ESAF, things turned around. Four to five years ago, the family used to earn only Rs. 3,000- Rs. 4,000 per month; today, Maheshwari alone earns over Rs. 6,000 a month. Her children, who could not attend school regularly before, are now enthusiastically pursuing their education. Her eldest daughter is in college, while two other children are studying in an English-medium school.

Maheshwari was able to repair her mud house that used to leak during monsoons, and she commenced the construction of a new pucca house for her family a year ago. Her husband, who used to commute by bicycle, has upgraded to a bike. The list of the positive changes that ESAF has brought to Maheshwari's life in the past couple of years is truly remarkable. She is grateful to ESAF for mentoring her and turning her life around. "ESAF's mentorship has truly changed my life, and I am thankful to ESAF for all its efforts in uplifting my community," concluded an ecstatic Maheshwari.

*As narrated to Praneet Shekar, ESAF SFB, Dumka 29



SHE SPREADS THE LIGHT OF COMPASSION!



Mini Pathrose,
Nilambur, Kerala

It is not wealth or power but the spirit of compassion that will create a better world. Mini Pathrose from Nilambur embraced this truth, and it created a ripple effect that lit up the lives of many around her. An ASHA worker by profession, Mini lives with her husband and three children in a rented house in Nilambur. Being empathetic was in her blood from a tender age. Even as a child, kind-hearted Mini could never abandon someone in need. As she grew older, her enthusiasm to help others grew as well. This drive to serve society inspired her to become an ASHA worker.

Learning about a few elderly people who were abandoned by their families haunted her thoughts, and she welcomed them with open arms. Living in a rented house didn't prevent her from caring for the elderly, including a few mentally ill patients. She aptly named her house 'Aswasa Bhavan', an epitome of care and comfort, which has been registered as a charitable trust since 2006.

Though she was providing shelter for the elderly, Mini wanted to do something more to keep their spirits up. Thus, she engaged the elderly in various activities such as cultivating paddy and plantains, pisciculture, and dairy and poultry farming. The activities served the dual purpose of engaging the members and making them self-sufficient.

Mini used to house around 20 people in Aswasa Bhavan. The numbers have come down as several elderly members passed away due to old age, and several others have been shifted to Kozhikode Medical Health Centre to receive long-term medical care.

Being an ASHA Worker, Mini struggled to take care of the needs of both her family and the members of Aswasa Bhavan. Despite her difficulties, she could not even think about leaving the hapless elderly in the lurch. Instead, she decided to work hard for them and began to prepare and sell pickles in her neighborhood to earn additional income.

Caring for mentally ill inmates in Aswasa Bhavan inspired her to do more for these unfortunate beings in society, who are often viewed with contempt and prejudice. The Manomitra training conducted in 2021, as part of the Santhwana Project, a CSR



initiative of ESAF Small Finance Bank, augmented her spirit to serve. The program was an eye-opener for Mini. No wonder today she is at the forefront of spreading awareness on mental health.

Prior to the pandemic, Mini and her husband were also engaged in the soap-making business after receiving adequate training. But once the pandemic struck, the pair were forced to discontinue their business owing to a shortage of funds for procuring raw materials. It was around this time that Mini encouraged the members of Aswasa Bhavan to make paper bags as a recreational activity. In January 2022, when she informed the Santhwana team about the activity, they came forward to provide training for the members to start a paper-bag making production unit. Mini also invited a few Sangam members to take part in the training program. The training was a huge success and it created an avenue for the participants to acquire self-sufficiency. Mini's story is an inspiration to all. She is an embodiment of empathy, and her life underscores the joy of sharing, over the unpleasantness of selfishness. Mini and her family have become a candle of hope for the elderly and sick members of Aswasa Bhavan, who had nowhere else to go. Mini thanked ESAF profusely for supporting her and her family during difficult times.

*As narrated to Merina Josephine P., ESAF





NOTICE



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 27th ANNUAL GENERAL MEETING of the members of ESAF FINANCIAL HOLDINGS PRIVATE LIMITED will be held on Tuesday, 26th September, 2023 at 02.00 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 2023, 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 Shri. Joy Joseph Cherayaththekkuden (DIN: 05221046) as the Independent Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 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), Shri. Joy Joseph Cherayaththekkuden, holding DIN: 05221046, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted declaration that he meets the fit and proper criteria laid down by the Reserve Bank of India who is eligible for appointment, be and is hereby appointed as the Independent Director of the Company, for a period of three (3) consecutive years with effect from 02nd June, 2023 and whose office shall not be liable to retire by rotation."

4. Appointment of Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) 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 Ordinary 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. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) 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 26th September, 2023 and whose office shall not be liable to retire by rotation."

By the order of the Board

Minu Santhosh

Place: Thrissur

Company Secretary

Date: 25th August, 2023

Membership No: A62382

NOTES:

11. The Ministry of Corporate Affairs ('MCA') has vide its General circular dated 28 December 2022 read with circulars dated 5 May 2020, 13 January 2021, 8 December 2021, 4 December 2021 and 5 May 2022 (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: Microsoft Teams
Meeting Access Link: https://teams.microsoft.com/l/meetup-join/19%3ameeting_Y2MzMzgwM2ltZDhiOC00MTY4LWJhNjltMjZhMzk2ZGQ5MTU3%40thread.v2/0?context=%7b%22Tid%22%3a%22fdd2dc8e-881b-46d1-9de1-f19c97ce5513%22%2c%22Oid%22%3a%222593aa03-ad58-499e-aaed-594672abe848%22%7d
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.
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 01:45 PM to 02:15 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.
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 before 5:30 PM IST on 25th September, 2023 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.
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 before 05:30 PM IST on 25th September, 2023 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 Seventh 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 Shri. Joy Joseph Cherayaththekkuden (DIN:05221046) as the Independent Director of the Company

Shri. Joy Joseph Cherayaththekkuden (DIN: 05221046) was appointed as an Additional Director (Independent Director) of the Company with effect from 02nd June, 2023, by the Board of Directors of the Company in the meeting held on 02nd June, 2023, 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, he holds office upto the date of the 27th 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 Shri. Joy Joseph Cherayaththekkuden (DIN: 05221046) as an Independent Director of the Company in the 27th 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 Shri. Joy Joseph Cherayaththekkuden as the Independent Director of the Company shall not be liable to determination by retirement of directors by rotation at every Annual General Meeting.

Shri. Joy Joseph Cherayaththekkuden is a Certified Associate of Indian Institute of Bankers and has a Post-Graduation in Management Studies from Cochin University of Science and Technology, Ernakulam. He has got 17 years of Banking experience in various fields mainly in International Finance, Import & Export Management; Foreign Exchange Management & Currency Trading; NRI Business and 20 years of Industry/Business experience in General Management as the GM and Country Head of ABN International Transport Company WLL (formerly Behzad

International) the Kuwait wing of ABN Corporation. He is the Director of TJSV Steel Fabrication & Galvanizing (India) Ltd since 2012 and was Joint Managing Director of the company for a year. He currently is an Adjunct Faculty for MBA at University of Calicut & Kerala Agricultural University (teaching International Finance, Foreign Exchange Management; Soft Skills development; Entrepreneurship Management).

In terms of the provisions of the Companies Act, 2013, Shri. Joy Joseph Cherayaththekkuden 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 Shri. Joy Joseph Cherayaththekkuden 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. Joy Joseph Cherayaththekkuden 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, Shri. Joy Joseph Cherayaththekkuden meets the criteria of independence as stipulated under Section 149(6) of the Companies Act, 2013 and rules framed thereunder and that he is independent of the management. Shri. Joy Joseph Cherayaththekkuden 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. Joy Joseph Cherayaththekkuden, 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. Joy Joseph Cherayaththekkuden 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	Shri. Joy Joseph Cherayaththekuden			
Age	66 Years			
Qualification	<ul style="list-style-type: none"> • Certified Associate of Indian Institute of Bankers (CAIIB) • Post Graduate in Management Studies (MBA) from CUSAT • Graduate with Physics Main from Union Christian College Alwaye, University of Kerala 			
Expertise in specific functional areas	17 years of Banking experience and 20 years of Industry/Business experience in General Management			
Experience	Sl. No.	Name of the Organization	Designation	Period of Employment
	1	South Indian Bank Limited	Various Designations	1986 - 2003
	2	ABN International Transport Company	GM and Country Head	2003 - 2012
	3	TJSV Steel Fabrication & Galvanizing (India) Ltd	Director	Since 2012
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	02.06.2023			
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.	NIL			
Directorships held in other companies	2			

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.	TJSV Steel Fabrication & Galvanizing (India) Ltd	CSR Committee	-

Item No. 4 – Appointment of Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) as the Director of the Company

Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) was appointed as an Additional Director of the Company with effect from 01st December, 2022, by the Board of Directors of the Company in the meeting held on 01st December, 2022 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 27th 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. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) as a Director of the Company in the 27th Annual General Meeting of the Company.

Shri. Ajayan Mangalath Gopalakrishnan Nair is a graduate in Science (Horticulture) from the Kerala Agriculture University. He is an accomplished business leader with more than 3 decades of multifaceted experience in the banking industry across banking

operations, Risk & Compliance, Transaction Banking, Credit, Rural Banking & IT. He has held important positions like General Manager IT & CIO, General Manager Retail Assets, General Manager Transaction Banking, General Manager Pune Circle, Chief Compliance Officer, General Manager Shreyas Gramin Bank, Aligarh, DGM of Calicut Circle in Canara Bank and was the Executive Vice President – IT & Credit in ESAF Small Finance Bank Ltd.

In terms of the provisions of the Companies Act, 2013, Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) has submitted requisite consent(s)/ disclosures before the Board including the consent to act as director. The Company has also received an intimation from him 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.

Ajayan Mangalath Gopalakrishnan Nair 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. Ajayan Mangalath Gopalakrishnan Nair 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. Ajayan Mangalath Gopalakrishnan Nair, 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. M. G. Ajayan as the Director shall be of immense benefit to the Company. Therefore, the Board recommends Resolution No. 4 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.4 as specified in the Notice.

Disclosures as per Secretarial Standards

Name of the proposed Director	Shri. Ajayan Mangalath Gopalakrishnan Nair			
Age	65 Years			
Qualification	<ul style="list-style-type: none"> • Certified Associate of the Indian Institute of Bankers (Part 1) • Bachelor of Science from University of Kerala. 			
Expertise in specific functional areas	Banking operations, Risk & Compliance, Transaction Banking, Credit, Rural Banking & IT			
Experience	Sl. No.	Name of the Organization	Designation	Period of Employment
	1.	Canara Bank	Various designations	1984 - 2018
	2.	ESAF Small Finance Bank	Senior VP and EVP	2019 - 2022
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	01.12.2022			
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	1			

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.	ESAF Small Finance Bank Limited	Nomination Remuneration & Compensation Committee	-
		Customer Service Committee	Chairman
		Risk Management Committee	-
		IT Strategy Committee	-
		Management Committee	-



DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2022-23

To,

The Members,

Your directors have pleasure in presenting the Twenty Seventh Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended 31st March, 2023.

1. Financial Highlights

The summary of the Company's financial performance both on a Consolidated and Standalone basis for FY 2022-23 compared to the previous year, FY 2021-22 is given below:

Particulars	Standalone Amount (₹ in Lakhs)		Consolidated Amount (₹ in Lakhs)	
	2022-23	2021-22	2022-23	2021-22
Total revenue	318.05	500.09	318.05	500.09
Total Expenses	180.18	362.03	180.18	362.03
Share of Profit/(Loss) of Associate Company	-	-	11,363.78	(968.23)
Profit (Loss) before Extra-Ordinary items and taxation	137.87	138.06	11,501.65	(830.17)
Tax Expenses	35.19	54.96	35.19	54.96
Profit (Loss) from continuing operations (A)	102.68	83.11	11,466.46	(885.12)
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	-	-	(3,597.61)	(7,040.17)
Profit for the year (A+B)	102.68	83.11	7,868.85	(7,925.30)

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, 2023.

3. Amounts Transferred to Reserves

During the year under review, your Company has transferred an amount of ₹20,53,514/- out of profit after tax for the year to the statutory reserve.

4. Capital Adequacy

The Capital Adequacy Ratio of the Company stands at 96.87% as of March 31, 2023 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 2023 stands at ₹2500 million divided into 190 million Equity Shares of ₹10/- each and 6 million Compulsorily Convertible Preference Shares of ₹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 ₹1718.09 million as on 31st March 2023.

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 registered office of the Company was shifted 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. Reserve Bank of India, Thiruvananthapuram Office issued a new Certificate of Registration on 28th November, 2022 in lieu of the earlier Certificate issued by RBI, Chennai Office.

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

2022-23. 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

With reference to the proposed initial public offering of equity shares bearing face value of ₹10 each by the Bank, comprising a fresh issue of such number of Equity Shares aggregating up to ₹4,867.40 million (the "Fresh Issue") and an offer for sale of Equity Shares ("Offered Shares") up aggregating up to ₹1,423.00 million by certain selling shareholders of the Bank, the Draft Red Herring Prospectus (DRHP) has been filed with the Securities and Exchange Board of India (SEBI) on July 07, 2023.

9. Board meetings

During the Financial Year 2022-23, the Board of Directors of the Company met Five (5) times on 30th June 2022, 01st September 2022, 28th September 2022, 01st December 2022 and 13th February 2023.

10. Directors and Key Managerial Personnels (KMPs)

As on the Financial year end date 31st March 2023, 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 2023 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.	Mr. Vikraman Ampalakkat	Non- Executive Director
4.	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
5.	Mr. Mark Robert Daniels	Nominee Director
6.	Mrs. Philomina	Nominee Director
7.	Mrs. Emy Acha Paul	Nominee Director
8.	Mr. Ajayan Mangalath Gopalakrishnan Nair	Additional 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.	Mr. Saneesh Singh	Nominee Director	Resignation	11th July 2022
2.	Mr. Mark Robert Daniels	Nominee Director	Appointment	28th September 2022
3.	Ms. Kolasseril Chandramohan Ranjani	Independent Director	Resignation	19th November 2022
4.	Mr. Ajayan Mangalath Gopalakrishnan Nair	Additional Director	Appointment	01st December 2022

Shri. Joy Joseph Cherayaththekuden has been appointed as the Additional Director (Independent) with effect from 02nd June, 2023. The Board of Directors of the Company in its meeting held on 01st December, 2022 had appointed Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) as Additional Director, who shall hold office till the ensuing 27th Annual General Meeting. On 02nd June, 2023, the Board of Directors had appointed Shri. Joy Joseph Cherayaththekuden (DIN: 05221046) as Additional Director (Independent) who shall hold office for a period of three years.

Based on the recommendation of Nomination and Remuneration Committee of the Board, the Board had recommended for approval of the members the appointment of Shri. Ajayan Mangalath Gopalakrishnan Nair (DIN: 09782416) 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. And Shri. Joy Joseph Cherayaththekuden (DIN: 05221046) shall be appointed as Independent Director, in terms of Section 149 of the Companies Act, 2013 for three consecutive years with effect from 02nd June, 2023. 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, 2023, 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, 2023 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 Ninth Annual General meeting.

The Notes on Financial Statements referred to in the Auditor's Report are self-explanatory and hence do not call for any further comments. The Auditor's Report for the financial year 2022-23 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: ₹52.64 Lakhs

Foreign exchange outgo: Nil

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 2022-23 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 2022-23 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 2022-23.

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 appointment and remuneration of directors, Key Managerial Personnel and other employees.

29. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment at the workplace. During the Financial Year 2022-23, the Company has not received any complaints on sexual harassment.

30. Green Initiatives

Electronic copies of the Annual Report for the Financial Year 2022-23 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.

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: 25th August, 2023

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	44,947.38
5.	Reserves and surplus	80,384.25
6.	Total assets	19,67,845.38
7.	Total Liabilities	19,67,845.38
8.	Investments	4,77,318.07
9.	Turnover	1,25,331.63
10.	Profit before taxation	24,286.56
11.	Provision for taxation	6,092.86
12.	Profit after taxation	18,193.69
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:

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

* Figures as per Ind AS

For and on behalf of the Board of Directors

Sd/-

Mereena Paul

Chairperson & Managing Director

DIN: 02228087

Place: Thrissur

Date: 25th August, 2023

Sd/-

Abraham Thariyan

Director

DIN: 07132831

ANNEXURE II

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2023

[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	
A. Promoters									
(1) Indian									
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....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	34,900	34,900	0.02%	-	34,900	34,900	0.02%	-
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	-	34,900	34,900	0.02%	-	34,900	34,900	0.02%	-
B. Public Shareholding									
1. Institutions									
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) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-

Sub-total (B)(1):-	-	17,176,230	17,176,230	11.17 %	-	17,176,230	17,176,230	12.24 %	-
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 %	-
Sub-total (B)(2):-	-	13,65,49,966	13,65,49,966	88.81%	-	13,65,49,966	13,65,49,966	88.81%	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	15,37,26,196	15,37,26,196	99.98%	-	15,37,26,196	15,37,26,196	99.98%	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	15,37,61,096	15,37,61,096	100 %	-	15,37,61,096	15,37,61,096	100 %	-

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			
	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	% Change during the year
Kadambelil Paul Thomas	34,900	0.02%	-	34,900	0.02%	-	-
Total	34,900	0.02%	-	34,900	0.02%	-	-

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
Kadambelil Paul Thomas				
At the beginning of the year	34,900	0.02%	34,900	0.02%
Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
At the end of the year	34,900	0.02%	34,900	0.02%

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

Sl. No.	Name of the shareholder	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	ESAF Swasraya Multi State Agro Co-operative Society Ltd. (ESMACO)	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	-	-	NIL
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	NIL	-	-	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	NIL	-	-	NIL

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	10,285,608	10,285,608
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	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)		
	Total (A)	10,307,208	10,307,208

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 (01/04/2022 to 19/11/2022)			
Independent Directors					
Fee for attending board committee meetings	1,00,000			60,000	1,60,000
Commission					
Others, please specify					
Total (A)	1,00,000			60,000	1,60,000
Other Non Executive Directors	(1) Vikraman Ampalakkat	(2) R V Dilip Kumar (Nominee Director - SIDBI Trustee Company Ltd)	(3) Philomina (Nominee Director - ESMACO)	(4) Emy Acha Paul (Nominee Director – Promoter)	
Fee for attending board committee meetings	1,00,000	NIL	80,000	1,00,000	2,80,000
Commission					
Others, please specify					
Total (B)	1,00,000	-	80,000	1,00,000	2,80,000
Other Non Executive Directors	(5) Saneesh Singh (Nominee Director - Dia Vikas Capital Pvt Ltd)	(6) Mark Robert Daniels (Nominee Director - Dia Vikas Capital Pvt Ltd)	(7) Ajayan Mangalath Gopala krishnan Nair		
Fee for attending board committee meetings	20,000	40,000	20,000		80,000
Commission					
Others, please specify					
Total (B2)	20,000	40,000	20,000		80,000
Total (B1+B2)					3,60,000
Total {(A)+(B)}					5,20,000

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

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Chief Financial Officer	Company Secretary	
Gross salary	Mr. K. Krishnakumar	Ms. Minu Santhosh	
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Excluding arrear for previous years)	21,56,000	6,35,807	27,91,807
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	24,200	-	24,200
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			
Total	21,80,200	6,35,807	28,16,007

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)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other officers in default					
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

Place: Thrissur

Date: 25th August, 2023

Sd/-

Abraham Thariyan

Director

DIN: 07132831

ANNEXURE III

Particulars of Loan, Guarantees and Investments under Section 186 as on 31st March 2023

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

For and on behalf of the Board of Directors

Sd/-

Mereena Paul

Chairperson & Managing Director

DIN: 02228087

Place: Thrissur

Date: 25th August, 2023

Sd/-

Abraham Thariyan

Director

DIN: 07132831

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 at Kalathode on lease to ESMACO, for the purpose of vehicle parking	20/06/2020	Nil	NA
3	Cedar Livelihood Services Private Limited (Entity in which relatives of directors have significant influence)	Rent received	9 years	The company has given 1st floor of its building at Pattikad on lease to Cedar Livelihood Services Pvt Ltd, for their official purpose	13/02/2023	Nil	NA
4	ESAF Foundation (Entity in which director have significant influence)	Rent received	9 years	The company has given its building at Vadakkenchery, on lease to ESAF Foundation, for their official purpose	13/02/2023	Nil	NA

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

For and on behalf of the Board of Directors

Sd/-

Mereena Paul

Chairperson & Managing Director

DIN: 02228087

Place: Thrissur

Date: 25th August, 2023

Sd/-

Abraham Thariyan

Director

DIN: 07132831



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.

Composition of Board as on 31st March 2023

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.	ABRAHAM THARIYAN	08.06.1952	07132831	NEID	08/09/2021
3.	RANGANATHAN VARADARAJAN DILIP KUMAR	20.10.1968	01060651	ND	09/11/2015
4.	MARK ROBERT DANIELS	10.08.1968	02400806	ND	28/09/2022
5.	EMY ACHA PAUL	08.08.1991	07434054	ND	30/11/2021
6.	PHILOMINA	19.06.1967	08625252	ND	30/11/2019
7.	VIKRAMAN AMPALAKKAT	08.08.1947	01978341	NED	30/11/2021
8.	AJAYAN MANGALATH GOPALAKRISHNAN NAIR	30.05.1958	09782416	NED	01/12/2022

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

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 2023, the Board consists of a total of Eight directors including a Managing Director, One Non-Executive Independent Director, Four Nominee Directors and Two Non-Executive Directors.

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

D. Board Profile



MEREENA PAUL

Chairperson & Managing Director

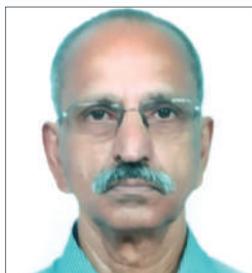
Smt. Mereena Paul is a renowned social entrepreneur from Thrissur, Kerala and co-founder of ESAF group of Social enterprises, which had its humble origins as a social movement way back in 1992. She has been instrumental in the growth and expansion of ESAF as a brand through her vision and strategic course 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. 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



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. He has a Bachelor of Science Degree in Chemistry, Post-graduate Degree in Sociology and has completed his Masters in Business Administration. He is also a Certified Associate of the Indian Institute of Bankers.



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.



RANGANATHAN VARADARAJAN 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.



MARK ROBERT DANIELS

Nominee Director

Mr. Mark 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. Mark Daniels is a seasoned senior level executive with hands-on two decades of experience in international finance, philanthropy, and non-profit development experience across Asia, including India, Philippines, Indonesia, Papua New Guinea, China, Thailand & Malaysia. Currently, Mark is the Philippine Country Director at Opportunity International, a global microfinance network operating in Africa, Eastern Europe, East Asia and Latin America. In the past, Mark served on the boards of a wide range of organisations including a bank, micro finance institution, philanthropic organisation, and remittance company. Mark holds a bachelor's degree in Business & Accountancy from the University of Technology, Sydney. He is also a CPA from the Australian Society Certified Practicing Accountants.



AJAYAN MANGALATH GOPALAKRISHNAN NAIR

Non Executive Director

Shri. M. G. Ajayan is an accomplished business leader with more than 3 decades of multifaceted experience in the banking industry across banking operations, Risk & Compliance, Transaction Banking, Credit, Rural Banking & IT. He has held important positions like General Manager IT & CIO, General Manager Retail Assets, General Manager Transaction Banking, General Manager Pune Circle, Chief Compliance Officer, General Manager Shreyas Gramin Bank, Aligarh, DGM of Calicut Circle etc in Canara Bank, before his retirement in May 2018. Later he retired from ESAF Small Finance Bank Ltd as Executive Vice President – IT & Credit on Nov 2022. He holds a bachelor's degree in science (horticulture) from Kerala Agriculture University and he is a certified associate of the Indian Institute of Bankers (Part 1)



EMY ACHA PAUL

Nominee Director

Shri. 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.



PHILOMINA LOUIS RAJ

Nominee Director

Smt. Philomina is a nominee of ESAF Swasraya Multi State Agro Co-operative Society Ltd (ESMACO). She has field level experience in organizing and leading sangams.

E. Board Meetings

During the Financial Year 2022-23, the Board of Directors of the Company met Five (5) times on 30th June 2022, 01st September 2022, 28th September 2022, 01st December 2022 and 13th February 2023.

Directors' Attendance record

Sl. no	Name	Board meetings during Financial year 2022-23		Whether present at the previous AGM
		Entitled to attend	Attended	
1	Mrs. Mereena Paul	5	5	Yes
2	Mr. Abraham Thariyan	5	5	Yes
3	Mr. R. V. Dilip Kumar	5	4	Yes
4	Mr. Vikraman Ampalakkat	5	5	Yes
5	Mrs. Emy Acha Paul	5	5	Yes
6	Mrs. Philomina	5	4	Yes
7	Ms. K. C. Ranjani	3	3	Yes
8	Mr. Saneesh Singh	1	1	Yes
9	Mr. Mark Robert Daniels	2	2	Yes
10	Mr. Ajayan M. G.	1	1	No

F. Board Committees

As on 31st March 2023, the Company has Five (5) regular Board Committees namely Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Group Risk Management Committee and Investment Committee.

The Stakeholders Relationship Committee and Corporate Social Responsibility Committee was revoked by the Board of Directors in their meeting held on 01st December 2022.

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. As on March 31, 2023 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, four meetings of the Audit Committee were held on 30th June 2022, 01st September 2022, 01st December 2022 and 13th February 2023.

The attendance details of Audit Committee members are as under.

Sl. no	Name	Meetings during Financial year 2022-23	
		Entitled to attend	Attended
1.	Mr. Abraham Thariyan	4	4
2.	Mr. R. V. Dilip Kumar	4	4
3.	Ms. K. C. Ranjani	2	2
4.	Mr. Vikraman Ampalakkat	4	4

Ms. Minu Santhosh, Company Secretary, acted as the Secretary of the Committees.

2. Nomination & Remuneration Committee

a. Constitution of Nomination & Remuneration Committee

The Nomination and Remuneration Committee was constituted on 13.02.2009 (originally named as Human Resources and Nomination Committee was renamed as Nomination and Remuneration Committee at the Board Meeting held on 29.09.2014). The Committee was reconstituted on 28.09.2022. As on March 31, 2023 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	Mrs. Mereena Paul	Member
4.	Mr. Mark Robert Daniels	Member

b. Attendance during the year

During the Financial Year under review, two meetings of the Nomination and Remuneration Committee were held on 28th September 2022 and 01st December 2022.

Sl. no	Name	Meetings during Financial year 2022-23	
		Entitled to attend	Attended
1.	Mr. Abraham Thariyan	2	2
2.	Ms. K. C. Ranjani	1	1
3.	Mrs. Mereena Paul	2	2
4.	Mr. Mark Robert Daniels	1	1

Ms. Minu Santhosh, Company Secretary, acted as the Secretary of the Committees.

3. Risk Management Committee

a. Constitution of Risk Management Committee

The Board of Directors has constituted a Risk Management Committee on 31.03.2016. The Committee was reconstituted on 28.09.2022. As on March 31, 2023 the Committee comprises of the following Directors as Members:

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

b. Meetings during the year

During the year under review, no meetings were held.

4. 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. The Committee was reconstituted on 28.09.2022. As on March 31, 2023 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. Mark Robert Daniels	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.

5. Investment Committee

a. Constitution of Investment Committee

The Board of Directors has constituted an Investment Committee on 24.02.2022. The Committee was reconstituted on 28.09.2022. As on March 31, 2023 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	Mr. Mark Robert Daniels	Member
4	Mrs. Mereena Paul	Member
5	Ms. K. C. Ranjani	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 27th Annual General Meeting

The 27th Annual General Meeting of the Company will be held on Tuesday, 26th September, 2023 at 02:00 P.M IST through Video Conferencing ("VC") /Other Audio Visual Means ("OAVM").

b. Financial Calendar

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



MANAGEMENT DISCUSSION AND ANALYSIS

While the year 2021-22 was a year of revival from the global pandemic, the year 2022-23 has established the global recovery and the world became back to normal. While India was not isolated from events around the world, it has shown its own way in many areas like geo-political relations, currency exchange rates, financial sector stability etc. Inflation is at elevated levels the world over including India. Like all the economies, RBI also training its guns to bring down the inflation to acceptable levels.

India's Gross Domestic Product (GDP) grew 7.8 per cent in the April-June quarter of FY 24 which was the highest in four quarters. India remained the fastest-growing major economy in the world presently. India overtook Britain last year to become the world's fifth-largest economy.

Our investee company ESAF Small Finance Bank's (ESFB) Initial Public Offer (IPO) could not be completed in the last year due to muted market conditions then. However, the bank has filed fresh DRHP with SEBI and the issue is expected to take place this year as the market has revived. ESAF SFB has successfully expanded its operations to 21 states and 2 union territories. The number of branches has increased to 700. ESFB 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 2023-24 was at 7.8% which was one of the best in the world scenario. Also the official statistics shows the year-on-year growth at 12.2% for the financial, real estate and professional services sectors in that quarter. This 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 increased to ₹102.68 Lakh in the year 2022-23 from ₹83.11 Lakh in the previous year, though the total income reduced to 318.05 Lakh from ₹500.09

Lakh. 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 ₹248.26 L from ₹493.80 L in the previous year. This reduction was partially offset with the reduction in the interest on borrowing to ₹1.57 L from ₹179.21 L. On maturity of the Deposit, we had placed an amount of ₹20 crore in the Tier II Bond issued by the ESFB on 31 March 2022 which gives higher yield than Bank Deposits. The increase in net profit despite a reduced

total income, was due to the one time receipt of Carbon Credit Income of ₹52.64 L relating to the year 2016-17 on account of the green initiatives of the company then, like financing solar technology etc.

With regard to the consolidated financial performance, as you can see in the audited financial statements, the net profit for the current year has improved much to ₹7868.85 Lakh from a net loss of ₹7925.30 Lakh in the previous year. Last years loss was due to higher provisions for bad debts as well as mark-to-market loss of investments in the associate company.

The associate could contain its NPA this year which has lowered the provision requirement as well as improved its operating income. The Associate has improved its performance further in the initial quarter of FY 23-24.

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.

India remained the fastest-growing major economy in the world presently.



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 2023, 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, 2023, 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Standalone IND AS Financial Statements for the financial year ended March 31st, 2023. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Reposting 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.

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.

- 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.
- The Company does not have any branches Audited by any other auditor.
- 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.

• 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.

• 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, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

• 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'.

• 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:

• The Company does not have any pending litigations which would impact its financial position.

• The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

• There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

• During the Financial Year 2022-23, the company has declared dividend amount of ₹18,04,850 pertaining to Financial Year 2022-23 and has paid dividend of amount ₹18,04,850 pertaining to Financial Year 2021-22 which is in compliance with section 123 (1) of the Act.

• (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.

Place: Thrissur
Date: 02-06-2023

For A. John Moris & Co.,
Chartered Accountants
Firm Registration No: 007220 S
CA J Sebastin
(Partner)
UDIN: 23218962BGWEWC1563
M.No.: 218962

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.

(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, 2023 for a period of more than six months from the date they became payable.

7. 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) .

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

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

b) the company has not been declared willful 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.

9. 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.

10. 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.

11. The Company is not a chit fund or a Nidhi /mutual benefit fund/society. Accordingly, this paragraph of the Order is not applicable.

12. 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.

13. 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.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not 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.

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

16. 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

17. 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;

18. 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.

19. 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.

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

21. 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.

22. 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.

23. 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 J Sebastin
(Partner)
UDIN: 23218962BGWEWC1563
M.No.: 218962

Place: Thrissur
Date: 02-06-2023

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 2023 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,

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION:

In our opinion, the Company have an adequate internal financial controls system over financial reporting and

internal financial controls over financial reporting as at 31st March 2023, as required under the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Thrissur
Date: 02-06-2023

For A. John Moris & Co.,
Chartered Accountants
Firm Registration No: 007220 S
CA J Sebastin
(Partner)
UDIN: 23218962BGWEWC1563
M.No.: 218962

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

STANDALONE BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Notes	As at 31st March 2023 (₹ in Lakhs)	As at 31st March 2022 (₹ in Lakhs)
ASSETS			
Financial Assets			
(a) Cash and Cash Equivalents	1	168.00	78.62
(b) Bank Balances other than (a) above	2	350.00	350.00
(c) Other Receivables	3	110.54	109.83
(d) Investments	4	30,390.00	30,390.00
		31,018.54	30,928.45
Non Financial Assets			
(a) Deferred Tax Assets (Net)		13.93	14.57
(b) Property, Plant and Equipment	6	1,590.70	1,598.36
(c) Income tax Assets (net)	11	2.54	11.94
(d) Other non-financial assets	5	149.93	150.71
		1,757.10	1,775.58
Total Assets		32,775.64	32,704.03
LIABILITIES AND EQUITY			
Liabilities			
1) Financial liabilities			
(a) 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			
(b) Borrowings	8	-	-
(c) Subordinated Liabilities	9	-	-
(d) Other Financial liabilities	10	5.60	5.88
2) Non Financial Liabilities			
(a) Income tax liabilities (net)	11	-	-
(b) Deferred tax liabilities (net)			
(c) Provisions	12	142.43	142.84
(d) Other Non- Financial Liabilities	13	83.28	95.61
3) Equity			
(a) Equity Share capital	14	17,180.96	17,180.96
(b) Other Equity	15	15,363.37	15,278.74
Total Liabilities and Equity		32,775.64	32,704.03

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

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

J Sebastin
Partner
M.No.: 218962

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Krishnasadan Krishnakumar
Chief Financial Officer

Abraham Thariyan
Director
DIN:07132831

Minu Santhosh
Company Secretary

Place: Thrissur

Date: 02/06/2023

UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2023

Particulars	Notes	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Other Income	16	318.05	500.09
TOTAL INCOME		318.05	500.09
Expenses:			
(i) Finance costs	17	1.57	179.21
(ii) Employee Benefit Expense	18	142.47	127.36
(iii) Depreciation and Amortisation	6	7.25	10.03
(iv) Other expenses	19	28.89	45.43
TOTAL EXPENSE		180.18	362.03
Profit before prior period, exceptional items and tax		137.87	138.06
Prior period item		-	-
Profit before tax		137.87	138.06
Tax expense			
Current tax		34.55	35.04
Deferred Tax Expenses		0.64	19.91
		35.19	54.95
Profit or loss for the period from continuing operations		102.68	83.11
PROFIT OR LOSS FOR THE PERIOD		102.68	83.11
OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
SUBTOTAL (A)			
(B) (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
SUBTOTAL (B)			
Other Comprehensive Income			
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		102.68	83.11
Earnings per equity share			
Basic		0.06	0.04
Diluted		0.06	0.04
Significant accounting policies			
Other notes on accounts			

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

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

J Sebastin
Partner
M.No.: 218962

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Krishnasadan Krishnakumar
Chief Financial Officer

Abraham Thariyan
Director
DIN:07132831

Minu Santhosh
Company Secretary

Place: Thrissur
Date: 02/06/2023
UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

Note	Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
A.	Cash flow from operating activities		
	Net profit after tax	102.68	83.11
	Adjustments for:		
	Depreciation and amortisation	7.25	10.03
	Profit on Sale of Fixed Assets and investments	-4.62	-
	Finance Costs	1.57	179.21
	Interest Income	-248.26	-493.80
	Provisions/Liabilities no longer required written back	-0.41	-0.68
	Provision for Income tax	35.18	54.95
	Prior Period	-	-
	Operating profit before working capital changes	-106.60	-167.18
	Adjustments for (increase) / decrease in operating assets:		
	Loans and advances	-0.72	-0.70
	Other Assets	10.82	4.13
	Balance in deposit accounts	-	3,176.06
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	-	-
	Other Liabilities	-12.60	0.03
	Provisions	-0.00	-288.29
	Cash generated from/ (used in) operations	-109.11	2,724.05
	Direct taxes paid	-35.18	-115.78
	Net cash from operating activities	-144.29	2,608.27
B.	Cash flow from investing activities		
	Purchase of fixed assets		-11.79
	Sale of fixed assets	5.03	-
	Bank balances not considered as Cash and cash equivalents (Net)	-	-
	(Purchase) /sale of investments	-	-2,000.00
	Interest received	248.26	493.80
	Gain on buyback by subsidiary		
	Net cash used in/ (generated from) investing activities	253.29	-1,517.99
C.	Cash flow from financing activities		
	Proceeds from/ (repayment) of borrowings	-	-904.47
	Interest paid	-1.57	-179.21
	Dividend and Dividend Tax Paid	-18.05	-18.05
	Redemption of non convertible debentures	-	-
	Net cash from financing activities	-19.62	-1,101.72
	Net increase in cash and cash equivalents	89.38	-11.44
	Opening Cash and cash equivalents	78.62	90.06
	Closing Cash and cash equivalents	168.00	78.62

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

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

J Sebastin
Partner
M.No.: 218962
Place: Thrissur
Date: 02/06/2023

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Krishnasadan Krishnakumar
Chief Financial Officer

Abraham Thariyan
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DIN:07132831

Minu Santhosh
Company Secretary

UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note	Particulars	As at 31st March 2023 (₹ in Lakhs)	As at 31st March 2022 (₹ in Lakhs)
1	Cash & Cash Equivalent		
	Cash on hand	0.03	0.20
	Balances with Bank		
	- In current accounts		
	Domestic	167.97	78.42
	Total	168.00	78.62
2	Other bank balance		
	Other Bank Balance		
	- in deposit accounts	350.00	350.00
	- 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		
	Total	350.00	350.00
3	Other receivables		
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties	-	-
	Others	27.92	28.33
	(b) Loans and advances to related parties		
	(c) Other receivables	82.62	81.50
	Total	110.54	109.83
4	Investments		
	Investments in Associate :-		
	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	2,000.00
	Total	30,390.00	30,390.00
5	Other Non Financial Assets		
	(a) Prepaid expenses	0.46	0.59
	(b) Balances with Government authorities	20.97	21.72
	(c) Compensated Leave Salary Assets	50.06	46.96
	(d) Deposits	68.99	71.99
	(e) Insurance claims receivable	4.09	4.09
	(f) Other Current Assets	5.36	5.36
	Total	149.93	150.71

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
 (Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
NOTE 6: PROPERTY PLANT AND EQUIPMENT

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	Balance as at 1 April, 2022	Additions	Disposals	Balance as at 31 March, 2023	Rate %	Balance as at 1 April, 2022	Depreciation for the year	Deletions	Balance as at 31 March, 2023	Balance as at 31 March, 2022
A. Tangible Assets										
Land	1,464.42			1,464.42	-	-	-	-	-	1,464.42
	-1,464.42			-1,464.42	-	-	-	-	-	-1,464.42
Buildings	136.44			136.44	24.86	2.10	2.10	-	26.95	111.58
	-136.44			-136.44	-22.76	-2.10	-2.10	-	-24.86	-113.67
Leasehold Buildings	37.65			37.65	22.73	4.67	4.67	-	27.40	14.92
	-26.41	-11.24		-37.65	-15.53	-7.20	-7.20	-	-22.73	-10.88
Furniture and Fittings	0.63			0.63	0.27	0.06	0.06	-	0.32	0.36
	-0.63			-0.63	-0.21	-0.06	-0.06	-	-0.27	-0.42
Vehicles	55.95		8.17	47.78	49.56	-	-	7.76	41.79	6.39
	-55.95			-55.95	-49.56	-	-	-	-49.56	-6.39
Computer and Accessories	5.37			5.37	4.68	0.43	0.43	-	5.11	0.69
	-4.81	-0.56		-5.37	-4.01	-0.67	-0.67	-	-4.68	-0.80
Total	1,700.45	-	8.17	1,692.28	-	102.10	7.25	7.76	101.57	1,598.36
	-1,688.65	-11.80	-	-1,700.45	-	-92.06	-10.03	-	-102.10	-1,598.36

Note:

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

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note	Particulars	As at 31st March 2023 (₹ in Lakhs)	As at 31st March 2022 (₹ in Lakhs)
7	Trade Payable		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	Total	-	-
8	Borrowings		
	Secured Loans		
	Vehicle loans from banks		
	Term Loan from Banks		
	Total	-	-
9	Subordinated Liabilities		
	Non Convertible Debentures		
	Total	-	-
10	Other Financial Liabilities		
	(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	5.05	5.88
	(e) Others	0.55	-
	Total	5.60	5.88
11	Income Tax Liabilities/ (Assets)		
	Current Tax liabilities/ (Assets)	-2.54	-11.94
	Total	-2.54	-11.94
12	Provisions		
	(i) Provision for compensated absences	6.09	6.09
	(ii) Provision for proposed preference dividend	18.05	18.05
	(iii) Loans and advances to employees	27.92	28.33
	(iv) Other provisions	90.37	90.37
	Total	142.43	142.84
13	Other Non- Financial Liabilities		
	(a) Other payables		
	(i) Statutory remittances	12.63	12.78
	(ii) Payable to ESAF Employees Gratuity Trust	3.27	3.44
	(iii) Lease Liability	11.38	15.82
	(iv) Others	56.00	63.57
	Total	83.28	95.61

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

14 EQUITY SHARE CAPITAL

I)	Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
		No. of shares	Amount (₹ in Lakhs)	No. of shares	Amount (in Lakhs)
	Authorised :				
	Equity Share Capital				
	Authorised :				
	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
	Issued, paid up and subscribed				
	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
		15,55,65,946	17,180.96	15,55,65,946	17,180.96
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	15,55,65,946	17,180.96
	Issued during the year as fully paid up on conversion	-	-	-	-
	Conversion of CCPS into Equity Shares	-	-	-	-
	At the end of the year	15,55,65,946	17,180.96	15,55,65,946	17,180.96
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 2023 the amount of per share dividend recognised in distribution to equity share holders is ₹ Nil (Previous year ₹ Nil)					
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.					
B. CCPS					
(i) The company has converted 95,000 CCPS of ₹ 100/- each attracting dividend at 10% in to 6,33,333 equity shares at conversion price of ₹15/- and 19,18,170 CCPS of ₹100/- each attracting dividend at 8% into 1,27,87,800 equity shares at conversion price of ₹15/- each.					
(ii) The company vide 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:					
	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%
		14,55,22,837	94.64%	14,55,22,837	94.64%
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	100.00%	18,04,850	100.00%
		18,04,850	100.00%	18,04,850	100.00%

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

15 OTHER EQUITY

Particulars	As at Mar 31, 2023 Amount (₹ in Lakhs)	As at Mar 31, 2022 Amount (₹ in Lakhs)	As at Mar 31, 2021 Amount (₹ in Lakhs)	As at Mar 31, 2020 Amount (₹ in Lakhs)
Other Reserves				
General reserve				
As per last balance sheet	2,605.38	2,588.76	2,554.84	2,522.87
Add : transferred from statement of profit and loss	20.54	16.62	33.92	31.97
	2,625.92	2,605.38	2,588.76	2,554.84
Security premium reserve				
Opening balance	6,363.89	6,363.89	5,692.83	5,692.83
Addition during the year	-	-	671.06	-
	6,363.89	6,363.89	6,363.89	5,692.83
Retained Earnings				
Profit and loss account				
Opening balance	6,309.46	6,261.02	6,432.70	6,675.93
Add: transfer due to amalgamation				
Add: Profit for the year	102.68	83.11	169.58	159.86
Add: Addition due to adoption of IND-AS	-	-	-	-
Less: Transferred to Other Reserve	-20.53	-16.62	-33.92	-31.97
	6,391.61	6,327.51	6,568.36	6,803.82
Less: Appropriation				
(a) General Reserve				
(b) Preference Dividend	18.05	18.05	307.34	307.34
(c) Tax on dividend		-	-	63.78
	18.05	18.05	307.34	371.12
Balance to be carried forward	15,363.37	15,278.74	15,213.67	14,680.37

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 ₹20,53,514 /- (Previous year ₹16,62,217/-) , 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.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

16 OTHER INCOME

Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Interest income on Fixed Deposits	22.64	493.80
Interest Income from Debentures	225.62	-
Income from Carbon Credit	52.64	-
Profit on Sale of Fixed Assets	4.62	-
Provisions/Liabilities no longer required written back	0.41	0.68
Interest income on employee investment	3.24	2.94
Rent received	5.53	2.67
Recovery of interest	3.35	-
	318.05	500.09

17 FINANCE COST

(a) Interest expense on:		
(i) Borrowings from Banks	-	177.92
(ii) Debentures	-	-
(iii) Interest on Lease payment	1.57	1.29
Total	1.57	179.21

18 EMPLOYEE BENEFIT EXPENSE

Salaries, Wages and Bonus	138.96	121.58
Contributions to provident and other funds	0.53	5.03
Staff welfare expenses	2.98	0.75
	142.47	127.36

19 OTHER EXPENSES

Electricity and Water Charges	0.87	0.99
Insurance	2.04	1.73
Vehicle Maintenance	5.36	2.59
Office Maintenance & Meeting expenses	0.06	0.25
Bank Charges	0.26	0.59
Rates and Taxes	1.60	2.43
Telephone and Internet expenses	0.01	0.06
Travelling and conveyance	0.50	0.06
Printing and stationery	0.82	1.00
Legal and professional	5.02	21.60
Payments to auditors	5.74	5.31
Directors Sitting Fee	5.20	5.40
Other Expenses	1.41	3.42
	28.89	45.43

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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		2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	84.63	65.06
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	15,37,61,096	15,37,61,096
Basic earnings per equity share (₹)	A / B	0.06	0.04
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	84.63	65.06
Add : Interest on convertibles (net of tax)	B	18.05	18.05
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	102.68	83.11
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
Diluted earnings per equity share (₹)		0.06	0.05
Diluted earnings per equity share (considering Antidilution) (₹)		0.06	0.04
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

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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. 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 Core Investment Company.'

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.	Particlr	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.	Particlr	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.'

l Cash and cash equivalents

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

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

'l) 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

Key Management Personnel (KMP)
Relatives of KMP
Associate Company

Evangelical Social Action Forum
SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Mrs. Mereena Paul
Mrs. Emy Acha Paul, daughter of Mrs. Mereena Paul
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	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
1	Loans availed against Fixed deposit	ESAF Small Finance Bank Limited	-	2,158.00
2	Interest Paid	ESAF Small Finance Bank Limited	-	177.92
3	Remuneration to KMP	Mrs. Mereena Paul	103.07	86.41
4	Sitting fee paid	Mrs. Emy Acha Paul	1.00	0.20
5	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.27	3.11
6	Interest Income on FD	ESAF Small Finance Bank Limited	22.64	493.80
7	Rent paid	Mrs. Mereena Paul	3.00	2.54
8	Interest on Debenture and bonds	ESAF Small Finance Bank Limited	225.62	-
9	Transactions in Current Account (net)	ESAF Small Finance Bank Limited	98.51	3.89
10	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 March 31, 2023 (₹ in Lakhs)	Amounts due (to) / from March 31, 2023 (₹ in Lakhs)
1	Other Current Liabilities	Mrs. Mereena Paul	15.49	13.06
		Evangelical Social Action Forum	14.31	14.31
2	Rent Deposit	Mrs. Mereena Paul	0.50	0.50
3	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12.50	12.50
5	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	2,000.00
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	497.23	398.72

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, 2023, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2022 : ₹ 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, 2023 (₹ in Lakhs)	As at 31 March, 2022 (₹ in Lakhs)
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	-18.41	-17.87
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	30.76	30.86
Deferred tax assets	13.93	14.57

A7 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2023 (₹ in Lakhs)			31.03.2022 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset							
Trade receivables	3			110.54	-	-	109.83
Cash and cash equivalents	1			168.00	-	-	78.62
Other Bank Balances	2			350.00			350.00
Total Financial Asset				628.54	-	-	538.45
Financial liability							
Loans from Financial institutions	8			-	-	-	-
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-			-
Other Financial Liabilities	10			5.60	-	-	5.88
Total Financial Liabilities				5.60	-	-	5.88

A8 Disclosure pursuant to Ind AS 12 - 'Income taxes'

The major components of income tax expense for years ended 31 March 2023 and 31 March 2022 are :

Particulars	As at 31 March, 2023 (₹ in Lakhs)	As at 31 March, 2022 (₹ in Lakhs)
Current income Tax :		
Current income tax charge	34.55	35.04
Adjustments of current tax of previous year		-
Deferred Tax		
Relating to origination and reversal of temporary differences	0.64	19.91
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	35.18	54.95
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 02.06.2023 and there are no significant events occurring after Balance sheet date.

A10 Investor Education and Protection Fund

The Company has transferred ₹ 55,184/- to Investor Education and Protection Fund during the current year and previous year Nil/-.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

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 ₹52,020/- (Year ended 31 March, 2022 ₹5,03,214 /-) for Provident Fund contributions and ₹Nil/- (Year ended 31 March, 2022 ₹NIL/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

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

Components of employer's expense

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Current Service Cost	0.35	0.25
Interest cost	1.67	1.62
Expected return on plan assets	-6.14	-5.30
Actuarial Loss/ (Gain)	-4.16	-5.52
Past Service Cost	-3.85	0.43
Employer expense / (Income)	-12.13	-8.52

Actual contribution and benefit Payments for the year

Actual benefit payments	-	-0.27
Actual contributions	-	-

Net (asset) / liability recognised in the Balance Sheet

Present value of defined benefit obligation	30.33	30.95
Fair Value of plan assets	121.40	113.74
Funded status [(Surplus) / Deficit]	-91.07	-82.79
Amount not recognized as asset [Effect of limiting net assets to assets ceiling]	-53.42	-57.27
Net liability/ (asset) recognised in the Balance Sheet	-37.65	-25.52

Change in defined benefit obligations (DBO) during the year

Present Value of DBO at beginning of the year	30.95	32.41
Current Service Cost	0.35	0.25
Interest Cost	1.67	1.62
Benefits Paid	-	-0.27

Actuarial Loss/ (Gain)	-2.64	-3.06
Past Service Cost	-	-
Present Value of DBO at end of the year	30.33	3,095

Change in fair value of assets during the year

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Fair Value of plan assets at beginning of the year	113.74	106.25
Contributions by employer	-	-
Benefits paid	-	-0.27
Expected return on plan assets	6.14	5.30
Actuarial Gain/ (Loss)	1.52	2.46
Transfer in/ (out) *	-	-
Fair Value of plan assets at end of the year	121.40	113.74
Actual return on plan assets	7.66	7.76
Expected employer contribution for the coming period	-	-

Composition of plan assets is as follows:

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	7.1%	5.4%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	5.4%	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	22-23	2021-22	2020-21	2019-20	2018-19
Present value of DBO	3,033	3,095	3,241	3,414	3,052
Fair value of plan assets	12,140	11,374	10,625	10,411	6,784
Funded status [Surplus/ (Deficit)]	9,107	8,279	7,384	6,997	3,732
Experience adjustment on plan liabilities: (Gain) /Loss	(153)	(280)	(95)	(70)	(640)
Experience adjustment on plan assets: Gain/ (Loss)	198	193	(54)	41	68

Actuarial Assumptions - Long Term Compensated absences

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Discount rate	7.10%	5.40%
Expected return on plan assets	5.40%	5.00%
Salary escalation rate	10%	10%
Mortality rate	IALM 2012-14 (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 2023 and 31 March 2022. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 'Segmental Reporting'.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE 23 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

23.1 Payment to Auditors comprise of

Particulars	For the year ended 31 March 2023 (₹ in Lakhs)	For the year ended 31 March 2022 (₹ in Lakhs)
Statutory audit fee	5.00	5.00
Other certification fee	-	-
Out of pocket expenses	0.74	0.31
TOTAL	5.74	5.31

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

i	Contingent liabilities		
	(a) Disputed Income Tax demands from assessment year 2009-10 to 2013-14 under appeal pending before appellate/assessing authorities. The management is of opinion that the above demands are not sustainable.		74.94
	(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

Particulars	For the year ended 31 March 2023 (₹ in Lakhs)	For the year ended 31 March 2022 (₹ in Lakhs)
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

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

23.4 Expenditure in foreign currency (accrual basis)

Particulars	For the year ended 31 March 2023 (₹ in Lakhs)	For the year ended 31 March 2023 (₹ in Lakhs)
Travelling and conveyance	-	-
Others	-	-

Income in foreign currency :-

Nature of Receipt	For the year ended 31 March 2023 (₹ in Lakhs)	For the year ended 31 March 2023 (₹ in Lakhs)
Income from sale of Carbon Credit	52.64	-

23.5 Note on Corporate Social Responsibility Expenditure

a) Amount Spent during the period 2022-23 on:

Particular	In Cash (₹ in Lakhs)	Yet to be paid in Cash (₹ in Lakhs)	Total (₹ in Lakhs)
Construction/acquisition of any asset	-	-	-
On purposes other than above	-	-	-

b) Amount Spent during the period 2021-22 on:

Particular	In Cash (₹ in Lakhs)	Yet to be paid in Cash (₹ in Lakhs)	Total (₹ in Lakhs)
Construction/acquisition of any asset	-	-	-
On purposes other than above	-	-	-

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE 24 DISCLOSURES IN ACCORDANCE WITH RBI GUIDELINES

24.1 Capital to Risk Assets Ratio (CRAR)

Particulars	As at 31 March 2023 (₹ in Crore)	As at 31 March 2023 (₹ in Crore)
(i) CRAR (%)	98.28%	94.05%
(ii) CRAR - Tier I capital (%)	98.28%	94.05%
(iii) CRAR - Tier II Capital (%)	0%	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	303.9	303.90
(b) Outside India		
(ii) Provision for diminution		
(a) In India		
(b) Outside India		
(iii) Net value of investments		
(a) In India	303.9	303.90
(b) Outside India		
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance		
(ii) Add : Provision made during the year		
(iii) Less: Write off/ write back of excess provisions during the year		
(iv) Closing balance		

24.3 Derivatives

The Company has no transactions/exposure in derivatives for the year ended 31 March 2023 and 31 March 2022. The Company has no unhedged foreign currency exposure as on 31 March 2023 and 31 March 2022.

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 2023

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	-	-
Total	-	-	303.90	-	-

* net of provision for diminution in value of Investments

B. Maturity pattern of certain items of assets and liabilities as on 31st March 2022

Particulars	Deposits	Advances	Investments *	Foreign currency Assets (₹ in Crore)	Foreign currency liabilities (₹ 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	-	-	-	-	-
Over 1 year & upto 3 years	-	-	-	-	-
Over 3 years & upto 5 years	-	-	-	-	-
Over 5 years	-	-	303.90	-	-
Total	-	-	303.90	-	-

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 2023 and 31 March 2022

(ii) Exposure to Capital Market

The Company does not have any exposure to Capital Market as on 31 March 2023 and 31 March 2022

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, 2023 and 31 March, 2022, 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

24.13 Disclosure of Penalties issued by RBI and other regulators

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

24.14 Concentration of Deposits, Advances, Exposures and NPAs

There are no exposures of Deposits, Advances, Exposures and NPAs as at 31st March 2023 & 31st March 2022.

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.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

NOTE 24 DISCLOSURES IN ACCORDANCE WITH RBI GUIDELINES

24.17 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	31-Mar-23	31-Mar-22
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, 2023		(₹ 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
Total	0.00	-	303.90

As at March 31, 2022				(₹ in Crore)
Particulars	Liabilities		Assets	
	Borrowings from Banks and others	Advances	Investments	
Upto 30 days	0.00	-	-	-
Over 1 month upto 2 months	0.00	-	-	-
Over 2 months upto 3 months	0.00	-	-	-
Over 3 months & upto 6 months	0.00	-	-	-
Over 6 months & upto 1 year	0.00	-	-	-
Over 1 year & upto 3 years	0.00	-	-	-
Over 3 years & upto 5 years	-	-	-	-
Over 5 years	-	-	-	303.90
Total	0.00	-	-	303.90

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, 2023				(₹ 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, 2022				(₹ 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	-	-	-
	(d) Inter-corporate loans and borrowing	-	-	-
	(e) Commercial Paper	-	-	-
	(f) Other Loans (specify nature)	-	-	-
	* Please see Note 1 below			

2	Assets side:	As at March 31, 2023 (₹ in Crore)	As at March 31, 2022 (₹ in Crore)
	Break-up of Loans and Advances including bills receivables (other than those included in (4) below:		
	(a) Secured	-	-
	(b) Unsecured	-	-

3	Break Up of Leased Assets and stock on hire and other assets counting towards AFC activities	As at March 31, 2023 (₹ in Crore)	As at March 31, 2022 (₹ in Crore)
	(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	-	-
4	Break-up of Investments	As at March 31, 2023 (₹ in Crore)	As at March 31, 2022 (₹ in Crore)
	Current Investments		
	1. Quoted :		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	Long Term Investments:		
	1. Quoted :		
	(i) Shares (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-
	2. Unquoted:		
	(i) Shares (a) Equity	283.90	283.90
	(b) Preference	-	-
	(ii) Debentures and Bonds	20.00	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, 2023				(₹ 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, 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	-	-	-	

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

As at March 31, 2023		
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties [Refer Note 2 below]		
(a) Subsidiaries	1087.59	303.90
(b) Companies in the same group	-	-
(c) other related parties	-	-
2. Other than related parties	-	-
Total	1087.59	303.90

As at March 31, 2022		
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	-	0
(c) other related parties	-	0
2. Other than related parties	-	0
Total	898.74	303.90

7 Other Information

Particulars	As at March 31, 2023 (₹ in Crore)	As at March 31, 2022 (₹ in Crore)
(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.

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

A. John Moris & Co.,

Chartered Accountants
ICAI Firm Reg.No. 007220 S

J Sebastin

Partner
M.No.: 218962
UDIN: 23218962BGWEWC1563

For and on Behalf of the Board

Mereena Paul

Chairperson & Managing Director
DIN:02228087

Krishnasadan Krishnakumar

Chief Financial Officer

Abraham Thariyan

Director
DIN:07132831

Minu Santhosh

Company Secretary

Place: Thrissur

Date: 02/06/2023

CALCULATION OF CAPITAL ADEQUACY RATIO AS ON 31ST MARCH 2023

Particulars	Sub totals	Totals (₹ in Lakhs)	Totals (₹ in Lakhs)
Tier I Capital			
Add:			
1.Paid up equity capital	15,376.11		
2.Convertible preference shares	1,804.85		
3.Free reserves	8,999.48		
4.Share premium (balance in the account)	6,363.89		
5.Capital reserve (rep.sur+ of sale proceeds of asset)	-		
Less:			
1.Accumulated loss in balance sheet	-		
2.Book value of intangible assets	-		
3. Deferred Tax	13.93		
Net owned fund		32,530.40	
Less:			
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.	27,136.96		
3. Fixed Deposits Other than Lien marked	350.00		
Tier I Capital		5,043.44	
Contingent Liability			
Less: 50% of Securitisation Collaterals	-	-	5,043.44
Net Tier - I Capital		5,043.44	
Tier II Capital			
Add:			
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			
Limited to the extent of Tier I and II for the pupose of capital adequacy (the total tier II capital at any point of time shll not exceed 100% of tier I)			

Tier II Capital	-		
Less: 50% of Securitisation Collaterals	-		
Net Tier - II Capital		-	
Total of Tier I & Tier II Capital		5,043.44	
Asset particulars			
	Amount		
Cash and Bank balances including fixed deposits and certificates of deposits with bank	168.00	0%	-
Investments	-	100%	-
Investment in Subsidiary in equivalent of 10% of owned funds	3,253.04	100%	3,253.04
Loans and advances		100%	-
Fixed assets net of depreciation	1,590.70	100%	1,590.70
Other assets			
a) TDS-income tax (Net of advance tax)	-	0%	
b) Advance tax paid	-	0%	
© Staff Advance	-	0%	
(c) Commission from PFRDA	-	0%	-
C) Others to be specified	-	100%	-
Total risk weighted assets	5,011.74		4,843.74
Off Balance Items			
Income Tax Disputes		100%	-
Service Tax Disputes	271.41	100%	271.41
ESI Dispute	16.49	100%	16.49
Corporate Guarantee	-	-	-
Capital Commitments	-	-	-
Total risk weighted assets			5,131.63
CRAR			96.28%
			0.98



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 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, 2023, 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, 2023, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

We are independent of the Company, and its associate in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS Financial Statements for the financial year ended March 31, 2023. 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.

RESPONSIBILITY OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED 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 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 Company 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.

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 CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with SAs, we exercise professional 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 Profit of ₹ 113.63 Crores and share of Other Comprehensive Income of ₹ 35.97 Crores (Loss) for the year ended March 31, 2023, 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:

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.

(a) 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.

(b) 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.

(c) 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.

(d) On the basis of the written representations received from the directors of the Company as on 31st March, 2023 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, 2023 from being appointed as a director in terms of Section 164

(2) of the Act.

(e) 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;

(f) 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, 2023.

(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 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, 2023.

iv. During the Financial Year 2022-23, the company has declared dividend amount of ₹ 18,04,850 pertaining to Financial Year 2022-23 and has paid dividend of amount ₹ 18,04,850 pertaining to Financial Year 2021-22 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.

Place: Thrissur
Date: 02-06-2023

For A. John Moris & Co.,
Chartered Accountants
Firm Registration No: 007220 S
CA J Sebastin
(Partner)
UDIN: 23218962BGWEWC1563
M.No.: 218962

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, 2023, 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

Place: Thrissur
Date: 02-06-2023

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, 2023, 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 J Sebastin
(Partner)
UDIN: 23218962BGWEWC1563
M.No.: 218962

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Notes	As at 31st March 2023 Amounts (₹ in Lakhs)	As at 31st March 2022 Amounts (₹ in Lakhs)
ASSETS			
Financial Assets			
(a) Cash and Cash Equivalents	1	168.00	78.62
(b) Bank Balances other than (a) above	2	350.00	350.00
(c) Other Receivables	3	110.54	109.83
(d) Investments	4	51,876.40	44,110.24
		52,504.94	44,648.69
Non Financial Assets			
(a) Deferred Tax Assets (Net)		13.93	14.57
(b) Property, Plant and Equipment	6	1,590.70	1,598.36
(c) Income tax Assets (net)	11	2.54	11.94
(d) Other non-financial assets	5	149.93	150.70
		1,757.10	1,775.57
Total Assets		54,262.04	46,424.26
LIABILITIES AND EQUITY			
Liabilities			
1) Financial liabilities			
(a) 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		-	-
(b) Borrowings	8	-	-
(c) Subordinated Liabilities	9	-	-
(d) Other Financial liabilities	10	5.60	5.88
2) Non Financial Liabilities			
(a) Income tax liabilities (net)	11	-	-
(b) Deferred tax liabilities (net)			
(c) Provisions	12	142.43	142.84
(d) Other Non- Financial Liabilities	13	83.28	95.61
3) Equity			
(a) Equity Share capital	14	17,180.96	17,180.96
(b) Other Equity	15	36,849.77	28,998.97
Total Liabilities and Equity		54,262.04	46,424.26

Notes referred to above form an integral part of Balance sheet

As per our report of even date attached.

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

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Abraham Thariyan
Director
DIN:07132831

J Sebastin
Partner
M.No.: 218962
UDIN: 23218962BGWEWC1563
Place: Thrissur
Date: 02/06/2023

Krishnasadan Krishnakumar
Chief Financial Officer

Minu Santhosh
Company Secretary

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2023

Particulars	Notes	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Other Income	16	318.05	500.09
TOTAL INCOME		318.05	500.09
Expenses:			
(i) Finance costs	17	1.57	179.21
(ii) Employee Benefit Expense	18	142.47	127.36
(iii) Depreciation and Amortisation	6	7.25	10.03
(iv) Other expenses	19	28.89	45.43
TOTAL EXPENSE		180.18	362.03
Profit before Share of profit/ (loss) of Associate Company, exceptional items and tax		137.87	138.06
Share of Profit/ (Loss) of Associate Company		11,363.78	(968.23)
Exceptional items			
Profit before prior period, exceptional items and tax		11,501.65	(830.17)
Prior period item		-	-
Profit before tax		11,501.65	(830.17)
Tax expense			
Current tax		34.55	35.04
Deferred Tax Expenses		0.64	19.92
		35.19	54.96
Profit or loss for the period from continuing operations		11,466.46	(885.12)
PROFIT OR LOSS FOR THE PERIOD		11,466.46	(885.12)
OTHER COMPREHENSIVE INCOME			
(A) (i) Items that will not be reclassified to profit or loss			
Share of OCI from Associate Company		58.06	(32.92)
(ii) Income for relating to items that will not be reclassified to profit and loss			
SUBTOTAL (A)		58.06	(32.92)
(B) (i) Items that will be reclassified to profit or loss			
Share of OCI from Associate Company		(3,655.67)	(7,007.26)
(ii) Income tax relating to items that will be reclassified to profit or loss			
SUBTOTAL (B)		(3,655.67)	(7,007.26)
Other Comprehensive Income		(3,597.61)	(7,040.17)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		7868.84	(7,925.30)
Earnings per equity share			
Basic		7.43	(0.59)
Diluted		6.91	(0.59)
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

J Sebastin
Partner
M.No.: 218962

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Krishnasadan Krishnakumar
Chief Financial Officer

Abraham Thariyan
Director
DIN:07132831

Minu Santhosh
Company Secretary

Place: Thrissur

Date: 02/06/2023

UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

Note	Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
A.	Cash flow from operating activities		
	Net profit after tax	11,466.46	-885.12
	Adjustments for:		
	Depreciation and amortisation	7.25	10.03
	Profit on Sale of Fixed Assets and investments	-4.62	-
	Finance Costs	1.57	179.21
	Interest Income	-248.26	-493.80
	Provisions/Liabilities no longer required written back	-0.41	-0.68
	Provision for Income tax	35.18	54.96
	Prior Period	-	-
	Share of Profit of associate	-11,363.78	968.23
	Operating profit before working capital changes	-106.60	-167.17
	Adjustments for (increase) / decrease in operating assets:		
	Loans and advances	-0.72	-0.70
	Other Assets	10.82	4.15
	Balance in deposit accounts	-	3,176.06
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	-	-
	Other Liabilities	-12.60	0.04
	Provisions	-0.00	-288.29
	Cash generated from/ (used in) operations	-109.11	2,724.09
	Direct taxes paid	-35.18	-115.79
	Net cash from operating activities	-144.29	2,608.30
B.	Cash flow from investing activities		
	Purchase of fixed assets	-	-11.80
	Sale of fixed assets	5.03	-
	Bank balances not considered as Cash and cash equivalents (Net) (Purchase) /sale of investments	-	-2,000.00
	Interest received	248.26	493.80
	Gain on buyback by subsidiary	-	-
	Net cash used in/ (generated from) investing activities	253.29	-1,518.00
C.	Cash flow from financing activities		
	Proceeds from/ (repayment) of borrowings	-	-904.48
	Interest paid	-1.57	-179.21
	Dividend and Dividend Tax Paid	-18.05	-18.05
	Redemption of non convertible debentures	-	-
	Net cash from financing activities	-19.62	-1,101.74
	Net increase in cash and cash equivalents	89.38	-11.44
	Opening Cash and cash equivalents	78.62	90.06
	Closing Cash and cash equivalents	168.00	78.62

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

J Sebastin

Partner

M.No.: 218962

Place: Thrissur

Date: 02/06/2023

For and on Behalf of the Board

Mereena Paul

Chairperson & Managing Director

DIN:02228087

Krishnasadan Krishnakumar

Chief Financial Officer

Abraham Thariyan

Director

DIN:07132831

Minu Santhosh

Company Secretary

UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

(A) EQUITY SHARE CAPITAL

Particulars	No. of Shares	Amounts (in Lakhs)
Opening balance as on April 1, 2021	15,55,65,946	17,180.96
Shares issued during the year	-	-
Conversion of CCPS into Equity Shares	-	-
Balance as on March 31, 2022	15,55,65,946	17,180.96
Changes in Accounting policies or prior period errors	-	-
Restated Balance as on April 1, 2022	15,55,65,946	17,180.96
Shares issued during the year	-	-
Balance as on March 31, 2023	15,55,65,946	17,180.96

(B) OTHER EQUITY

Particulars	Share Application Money Pending Allotment	Equity component of compound financial instruments	RESERVES AND SURPLUS						
			Statutory Reserves	Capital Reserve	Securities Premium	Other Reserves	Retained Earnings	Other Comprehensive Income	Total
Balance at the beginning of the reporting period			5,239.23		6,363.89		20,498.92	-3,103.07	28,998.97
Changes in accounting policy/ prior period errors									
Restated balance at the beginning of the reporting period			5,239.23		6,363.89		20,498.92	-3,103.07	28,998.97
Profit/(Loss) for the year after Income Tax						11,466.46			11,466.46
Other Comprehensive Income							-3,597.61		
Total Comprehensive Income for the year									-
Dividends						-18.05			-18.05
Transfer to retained earnings			2,293.29			-2,293.29			-
Any other change (to be specified)									-
Balance at the end of the reporting period			7,532.52		6,363.89		29,654.04	-6,700.68	36,849.77

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

For and on Behalf of the Board
Mereena Paul
Chairperson & Managing Director
DIN:02228087

Abraham Thariyan
Director
DIN:07132831

J Sebastin
Partner
M.No.: 218962

Krishnasadan Krishnakumar
Chief Financial Officer

Minu Santhosh
Company Secretary

Place: Thrissur
Date: 02/06/2023

UDIN: 23218962BGWEWC1563

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note	Particulars	As at 31st March 2023 (₹ in Lakhs)	As at 31st March 2022 (₹ in Lakhs)
1	Cash & Cash Equivalent		
	Cash on hand	0.03	0.20
	Balances with Bank		
	- In current accounts		
	Domestic	167.97	78.42
	Total	168.00	78.62
2	Other bank balance		
	Other Bank Balance		
	- in deposit accounts	350.00	350.00
	- 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		
	Total	350.00	350.00
3	Other receivables		
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties	-	-
	Others	27.92	28.33
	(b) Loans and advances to related parties		
	(c) Other receivables	82.62	81.50
	Total	110.54	109.83
4	Investments		
	Investments in Associate :-		
	280,758,396 Equity Shares of ₹10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	49,876.40	42,110.24
	Bonds and Debentures in M/s ESAF Small finance Bank Limited.	2,000.00	2,000.00
	Total	51,876.40	44,110.24
5	Other Non Financial Assets		
	(a) Prepaid expenses	0.46	0.59
	(b) Balances with Government authorities	20.97	21.72
	(c) Compensated Leave Salary Assets	50.06	46.96
	(d) Deposits	68.99	71.99
	(e) Insurance claims receivable	4.09	4.09
	(f) Other Current Assets	5.36	5.36
	Total	149.93	150.71

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS
NOTE 6: PROPERTY PLANT AND EQUIPMENT

Particulars	Gross Block						Accumulated Depreciation				Net Block	
	Balance as at 1 April, 2022	Additions	Disposals	Balance as at 31 March, 2023	Rate %	Balance as at 1 April, 2022	Depreciation for the year	Deletions	Balance as at 31 March, 2023	Balance as at 31 March, 2022	Balance as at 31 March, 2023	Balance as at 31 March, 2022
A. Tangible Assets												
Land	1,464.42			1,464.42		-	-	-	-	-	1,464.42	1,464.42
Buildings	-1,464.42			-1,464.42		-	-	-	-	-	-1,464.42	-1,464.42
	136.44			136.44		24.86	2.10	-	26.95	111.58	109.48	111.58
	-136.44			-136.44		-22.76	-2.10	-	-24.86	-113.67	-11.58	-113.67
Leasehold Buildings	37.65			37.65		22.73	4.67		27.40	14.92	10.25	14.92
	-26.41	-11.24		-37.65		-15.53	-7.20		-22.73	-10.88	-14.92	-10.88
Furniture and Fittings	0.63			0.63		0.27	0.06		0.32	0.36	0.30	0.36
	-0.63			-0.63		-0.21	-0.06		-0.27	-0.42	-0.36	-0.42
Vehicles	55.95		8.17	47.78		49.56	-	7.76	41.79	6.39	5.99	6.39
	-55.95			-55.95		-49.56	-		-49.56	-6.39	-6.39	-6.39
Computer and Accessories	5.37			5.37		4.68	0.43		5.11	0.69	0.26	0.69
	-4.81	-0.56		-5.37		-4.01	-0.67		-4.68	-0.80	-0.69	-0.80
Total	1,700.45	-11.80	8.17	1,692.28	-	102.09	7.25	7.76	101.56	1,592.36	1,590.70	1,596.36
	-1,688.65	-11.80	-	-1,700.45	-	-92.06	-10.03	-	-102.09	-1,598.36	-1,598.36	-1,596.59

Note:

1) Figures in minus sign relate to previous year.

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

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

Note	Particulars	As at 31st March 2023 (₹ in Lakhs)	As at 31st march 2022 (₹ in Lakhs)
7	Trade Payable		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	Total	-	-
8	Borrowings		
	Secured Loans		
	Vehicle loans from banks		
	Term Loan from Banks		
	Total	-	-
9	Subordinated Liabilities		
	Non Convertible Debentures		
	Total	-	-
10	Other Financial Liabilities		
	(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	5.05	5.88
	(e) Others	0.55	-
	Total	5.60	5.88
11	Income Tax Liabilities/ (Assets)		
	Current Tax liabilities/ (Assets)	-2.54	-11.94
	Total	-2.54	-11.94
12	Provisions		
	(i) Provision for compensated absences	6.09	6.09
	(ii) Provision for proposed preference dividend	18.05	18.05
	(iii) Loans and advances to employees	27.92	28.33
	(iv) Other provisions	90.37	90.37
	Total	142.43	142.84
13	Other Non- Financial Liabilities		
	(a) Other payables		
	(i) Statutory remittances	12.63	12.78
	(ii) Payable to ESAF Employees Gratuity Trust	3.27	3.44
	(iii) Lease Liability	11.38	15.82
	(iv) Others	56.00	63.57
	Total	83.28	95.61

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

14 EQUITY SHARE CAPITAL

I)	Particulars	As at Mar 31, 2023		As at Mar 31, 2022	
		No. of shares	Amount (₹ in Lakhs)	No. of shares	Amount (in Lakhs)
	Authorised :				
	Equity Share Capital				
	Authorised :				
	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
	Issued, paid up and subscribed				
	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
		15,55,65,946	17,180.96	15,55,65,946	17,180.96
	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	15,55,65,946	17,180.96
	Issued during the year as fully paid up on conversion	-	-	-	-
	Conversion of CCPS into Equity Shares	-	-	-	-
	At the end of the year	15,55,65,946	17,180.96	15,55,65,946	17,180.96
	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 2023 the amount of per share dividend recognised in distribution to equity share holders is ₹ Nil (Previous year ₹ Nil)				
	In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.				
	B. CCPS				
	(i) The company has converted 95,000 CCPS of ₹ 100/- each attracting dividend at 10% in to 6,33,333 equity shares at conversion price of ₹15/- and 19,18,170 CCPS of ₹100/- each attracting dividend at 8% into 1,27,87,800 equity shares at conversion price of ₹15/- each.				
	(ii) The company vide in its board resolution dated 29.3.2021 has changed the terms of balance 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:				
	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%
		14,55,22,837	94.64%	14,55,22,837	94.64%
	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	100.00%	18,04,850	100.00%
		18,04,850	100.00%	18,04,850	100.00%

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

15 OTHER EQUITY

Particulars	As at Mar 31, 2023 Amount (₹ in Lakhs)	As at Mar 31, 2022 Amount (₹ in Lakhs)	As at Mar 31, 2021 Amount (₹ in Lakhs)	As at Mar 31, 2020 Amount (₹ in Lakhs)
Other Reserves				
General reserve				
As per last balance sheet	5,239.23	5,239.23	4,362.66	2,522.87
Add : transferred from statement of profit and loss	2,293.29	-	876.57	1,839.79
	7,532.52	5,239.23	5,239.23	4,362.66
Security premium reserve				
Opening balance	6,363.89	6,363.89	5,692.83	5,692.83
Addition during the year	-	-	671.06	-
	6,363.89	6,363.89	6,363.89	5,692.83
Retained Earnings				
Profit and loss account				
Opening balance	20,498.92	21,402.09	18,203.17	11,215.13
Add: transfer due to amalgamation				
Add: Profit for the year	11,466.46	-885.12	4,382.84	9,198.96
Add: Addition due to adoption of IND-AS	-	-	-	-
Less: Transferred to Other Reserve	-2,293.29	-	-876.57	-1,839.79
	29,672.09	20,516.97	21,709.44	18,574.30
Less: Appropriation				
(a) General Reserve				
(b) Preference Dividend	18.05	18.05	307.34	307.34
(c) Tax on dividend		-	-	63.78
	18.05	18.05	307.34	371.12
Other Comprehensive Income				
As per Last Balance sheet date	-3,103.07	3,937.10	5,572.50	503.18
Add/ (Less) : Movement in OCI (net) during the year	-3,597.61	-7,040.17	-1,635.40	5,069.32
	-6,700.68	-3,103.07	3,937.10	5,572.50
Balance to be carried forward	36,849.77	28,998.97	36,942.31	33,831.17

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 ₹ 22,93,29,144 /- (Previous year ₹ NIL) , 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.

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

16 OTHER INCOME

Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Interest income on Fixed Deposits	22.64	493.80
Interest Income from Debentures	225.62	-
Income from Carbon Credit	52.64	-
Profit on Sale of Fixed Assets	4.62	-
Provisions/Liabilities no longer required written back	0.41	0.68
Interest income on employee investment	3.24	2.94
Rent received	5.53	2.67
Recovery of interest	3.35	-
	318.05	500.09

17 FINANCE COST

(a) Interest expense on:		
(i) Borrowings from Banks	-	177.92
(ii) Debentures	-	-
(iii) Interest on Lease payment	1.57	1.29
Total	1.57	179.21

18 EMPLOYEE BENEFIT EXPENSE

Salaries, Wages and Bonus	138.96	121.58
Contributions to provident and other funds	0.53	5.03
Staff welfare expenses	2.98	0.75
	142.47	127.36

19 OTHER EXPENSES

Electricity and Water Charges	0.87	0.99
Insurance	2.04	1.73
Vehicle Maintenance	5.36	2.59
Office Maintenance & Meeting expenses	0.06	0.25
Bank Charges	0.26	0.59
Rates and Taxes	1.60	2.43
Telephone and Internet expenses	0.01	0.06
Travelling and conveyance	0.50	0.06
Printing and stationery	0.82	1.00
Legal and professional	5.02	21.60
Payments to auditors	5.74	5.31
Directors Sitting Fee	5.20	5.40
Other Expenses	1.41	3.42
	28.89	45.43

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

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. 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 Core Investment Company.'

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.	Particulars	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.	Particulars	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.'

l Cash and cash equivalents

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

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	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
1	Loans availed against Fixed deposit	ESAF Small Finance Bank Limited	-	2,158.00
2	Interest Paid	ESAF Small Finance Bank Limited	-	177.92
3	Remuneration to KMP	Mrs. Mereena Paul	103.07	86.41
4	Sitting fee paid	Mrs. Emy Acha Paul	1.00	0.20
5	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.27	3.11
6	Interest Income on FD	ESAF Small Finance Bank Limited	22.64	493.80
7	Interest on debenture and bond	ESAF Small Finance Bank Limited	225.62	-
8	Rent paid	Mrs. Mereena Paul	3.00	2.54
9	Transactions in Current Account (net)	ESAF Small Finance Bank Limited	98.51	3.89
10	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 March 31, 2023 (₹ in Lakhs)	Amounts due (to) / from March 31, 2023 (₹ in Lakhs)
1	Other Current Liabilities	Mrs. Mereena Paul	15.49	13.06
		Evangelical Social Action Forum	14.31	14.31
2	Rent Deposit	Mrs. Mereena Paul	0.50	0.50
3	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12.50	12.50
4	Investments in Bonds and debentures	ESAF Small Finance Bank Ltd	2,000.00	2,000.00

5	Investments in Equity shares	ESAF Small Finance Bank Ltd	28,390.00	28,390.00
6	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	182.22	398.72

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, 2023, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2022 : ₹ 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, 2023 (₹ in Lakhs)	As at 31 March, 2022 (₹ in Lakhs)
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	-18.41	-17.87
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	30.76	30.86
Deferred tax assets	13.93	14.57

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		2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)
Earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	11430.37	-903.17
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	15,37,61,096	15,37,61,096
Basic earnings per equity share (₹)	A / B	7.43	- 0.59
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	11430.37	-903.17
Add : Interest on convertibles (net of tax)	B	18.05	18.05
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	11448.42	-885.11
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
Diluted earnings per equity share (₹)		6.91	-0.53
Diluted earnings per equity share (considering Antidilution) (₹)		6.91	- 0.59
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.	31.03.2023 (₹ in Lakhs)			31.03.2022 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset							
Trade receivables	3			110.54	-	-	109.83
Cash and cash equivalents	1			168.00	-	-	78.62
Other Bank Balances	2			350.00			350.00
Total Financial Asset				628.54	-	-	538.45
Financial liability							
Loans from Financial institutions	8			-	-	-	-
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-			-
Other Financial Liabilities	10			5.60	-	-	5.88
Total Financial Liabilities				5.60	-	-	5.88

ESAF FINANCIAL HOLDINGS PRIVATE LIMITED
(Formerly known as ESAF Microfinance and Investments Private Limited)

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 ₹52,020/- (Year ended 31 March, 2022 ₹5,03,214 /-) for Provident Fund contributions and ₹Nil/- (Year ended 31 March, 2022 ₹NIL/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

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

Components of employer's expense

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Current Service Cost	0.35	0.25
Interest cost	1.67	1.62
Expected return on plan assets	-6.14	-5.30
Actuarial Loss/ (Gain)	-4.16	-5.52
Past Service Cost	-3.85	0.43
Employer expense / (Income)	-12.13	-8.52

Components of employer's expense

Actual benefit payments	-	-0.27
Actual contributions	-	-

Net (asset) / liability recognised in the Balance Sheet

Present value of defined benefit obligation	30.33	30.95
Fair Value of plan assets	121.40	113.74
Funded status [(Surplus) / Deficit]	-91.07	-82.79
Amount not recognized as asset [Effect of limiting net assets to assets ceiling]	-53.42	-57.27
Net liability/ (asset) recognised in the Balance Sheet	-37.65	-25.52

Change in defined benefit obligations (DBO) during the year

Present Value of DBO at beginning of the year	30.95	32.41
Current Service Cost	0.35	0.25
Interest Cost	1.67	1.62

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Benefits Paid	-	-0.27
Actuarial Loss/ (Gain)	-2.64	-3.06
Past Service Cost	-	-
Present Value of DBO at end of the year	30.33	3,095

Change in fair value of assets during the year

Fair Value of plan assets at beginning of the year	113.74	106.25
Contributions by employer	-	-
Benefits paid	-	-0.27
Expected return on plan assets	6.14	5.30
Actuarial Gain/ (Loss)	1.52	2.46
Transfer in/ (out) *	-	-
Fair Value of plan assets at end of the year	121.40	113.74
Actual return on plan assets	7.66	7.76
Expected employer contribution for the coming period	-	-

Composition of plan assets is as follows:

Government bonds	-	-
PSU bonds	-	-
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	7.1%	5.4%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	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	22-23	2021-22	2020-21	2019-20	2018-19
Present value of DBO	3,033	3,095	3,241	3,414	3,052
Fair value of plan assets	12,140	11,374	10,625	10,411	6,784
Funded status [Surplus/ (Deficit)]	9,107	8,279	7,384	6,997	3,732
Experience adjustment on plan liabilities: (Gain) /Loss	(153)	(280)	(95)	(70)	(640)
Experience adjustment on plan assets: Gain/ (Loss)	198	193	(54)	41	68

Actuarial Assumptions - Long Term Compensated absences

Particulars	Year ended 31 March, 2023 (₹ in Lakhs)	Year ended 31 March, 2022 (₹ in Lakhs)
Discount rate	7.10%	5.40%
Expected return on plan assets	5.40%	5.00%
Salary escalation rate	10%	10%
Mortality rate	IALM 2012-14 (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 2023 and 31 March 2022. 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'.

A8 Disclosure pursuant to Ind AS 12 - 'Income taxes'

The major components of income tax expense for years ended 31 March 2023 and 31 March 2022 are :

Particulars	As at 31 March, 2023 (₹ in Lakhs)	As at 31 March, 2022 (₹ in Lakhs)
Current income Tax :		
Current income tax charge	34.55	35.04
Adjustments of current tax of previous year		-
Deferred Tax		
Relating to origination and reversal of temporary differences	0.63	19.92
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	35.17	54.96
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 02.06.2023 and there are no significant events occurring after Balance sheet date.

A10 Investor Education and Protection Fund

The Company has transferred ₹ 55,184/- to Investor Education and Protection Fund during the current year and previous year Nil/-.



Formerly ESAF Microfinance &
Investments (P) Ltd.

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