



**Launching Growth, Harvesting Success.**  
**Annual Report 2023-24**



## CORPORATE INFORMATION

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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](http://www.esafholdings.com)

E-mail: [ro@esafholdings.com](mailto: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.



# Key Milestones 1992-2024

1992



Established ESAF Society as an NGO

1995



Launched microcredit operations under ESAF launched Micro Enterprise Development project with the support of EFFICOR

1995



Launched Micro Enterprise (MED) initiative (First in Kerala) and disbursed first loan at Methala, Thrissur

2011



ESAF Swasraya Multistate Co-op. Credit Society got incorporated

2010



Equity investment by Manaveeya Holdings (P) Ltd. a wholly owned subsidiary of Oiko Credit, Netherlands

2009



Equity Investment by Dia Vikas Capital (P) Ltd., a wholly owned subsidiary of Opportunity International, Australia

2014



Received 'NBFC-MFI' licence from Reserve Bank of India

2014



SIDBI acknowledges ESAF's gender mainstreaming strategy

2015



ESAF Launched Loans for Individuals.

2020



ESAF Financial Holdings Private Limited Registered as Core Investment Company with the Reserve Bank of India.

2019



ESAF Microfinance and Investments changed its name to ESAF Financial Holdings

2018



ESAF Small Finance Bank receives Scheduled Bank status

2020



ESAF Small Finance Bank Business Crosses Rs. 10,000 Crores

2020



ESAF Small Finance Bank spreads its wings to 23 States of India with over 55,00,000 Customer base

2020



ESAF Financial Holdings (P) Ltd. shifted its Registered Office from Tamil Nadu to Kerala

1997



Founder, K. Paul Thomas met Prof. Muhammed Yunus in Bangladesh to understand the nuances of microcredit

1998



Received seed capital from Grameen Trust, Bangladesh

2000



Funding from major financial institutions started

2008



MED operations transformed to ESAF Microfinance (RBI Licenced NBFC) after acquiring the portfolio from ESAF NGO

2007



Attained Rs. 1,000 million cumulative disbursement

2004



Expanded operations to Tamil Nadu, Maharashtra and Chhattisgarh

2015



ESAF Crossed \*10 Billion Gross Loan Portfolio

2015



ESAF Launched Housing Loan in association with Microbuild India Habitat

2016



Crossed 1 million members and Rs. 20 Billion portfolio

2017



ESAF received ₹10 Million as the first tranche of Carbon Credit revenue and became the first MFI from India to win Carbon Credit revenues.

2017



ESAF celebrated 25 years of Social Service

2017



ESAF launched ESAF Small Finance Bank, the first bank from Kerala since independence

2022



ESAF Celebrates 30 years Social Service

2023



ESAF Small Finance Bank listed in Stock exchange

Miles to go...

## Our Investors



## Our Bankers



\*All trademarks and logos are the trade mark of their respective owners.



## ESAF's IPO Success



**Listed for  
Joy and  
Growth!**

On 10th November 2023, ESAF Small Finance Bank marked a significant milestone by listing its shares on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

ESAF Small Finance Bank's Initial Public Offering (IPO) was open for subscription from 3rd to 7th November 2023, with a price band of Rs. 57-60 per share and a lot size of 250 shares.

The public offer was over-subscribed by an impressive 77 times, driven by strong demand from institutional investors. Notably, the Qualified Institutional Buyers (QIB) category was booked 173 times, highlighting the robust confidence in the growth prospects. The retail investors' portion was subscribed 16.97 times, the Non-Institutional Investors (NII) portion was subscribed 84.37 times, and the employee portion was subscribed 4.36 times.

On the NSE, the stock opened at Rs. 71 per share, reflecting an 18.33% premium over the IPO price of Rs. 60, and closed at Rs. 68.80, a 14.67% premium. Similarly, on the BSE, the stock opened at Rs. 71.90 per share, a 19.8% premium over the IPO price, and closed at Rs. 69.05, a 15.08% premium. These favourable listings demonstrate strong market confidence in ESAF Small Finance Bank's future performance and stability.

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## BOARD OF DIRECTORS



**Mrs. Mereena Paul**  
(Co-Founder, Chairperson & Managing Director)



**Mr. Abraham Thariyan**



**Mr. Joy C. Joseph**



**Mr. Vikraman Ampalakkat**



**Mr. R. V. Dilip Kumar**



**Mr. Mark Robert Daniels**



**Mrs. Saleena George**



**Mr. Ajayan M. G.**



**Mrs. Emy Acha Paul**

Chief Financial Officer  
Company Secretary  
Statutory Auditors

: Mr. P. V. Antony  
: Ms. Minu Santhosh  
: M/s A. John Moris & Co.



## MESSAGE FROM THE FOUNDER



*As Founder of ESAF Group, I'm proud of our legacy in serving underserved communities. The successful listing of ESAF Small Finance Bank is a key milestone. Despite challenges, we're committed to continued growth and positive change.*

Being the Founder of ESAF Group of Social enterprises, it gives me a sense of immense satisfaction to address the stakeholders of ESAF Financial Holdings P Ltd. This institution is having a great legacy of service and through this institution ESAF was able to serve unserved and underserved population across the country, till the year 2017, beyond which it got converted as a Core Investment Company as mandated by the regulator, the Reserve Bank of India.

The illustrious journey of ESAF Financial Holdings P Ltd, formerly known as ESAF Microfinance and Investments P Ltd through its dedicated service to the rural masses, tremendously inspired us in the culmination stages of the first public listing of the shares of its associate ESAF Small Finance Bank in the bourses on 10th November 2023. It was indeed an important milestone in the history of ESAF as a movement and the overwhelming response we received throughout this process from various stakeholders, from well wisher first timers to reputed and seasoned institutional investors, makes us more grounded and strengthens us to rededicate ourselves to touch more and more lives with tools of positive transformation.

In the fiscal 2023-24, even though a backdrop of geopolitical tensions were looming large over the world economy, resilience of Indian economy continued, with an impressive growth rate of 7.6%. The Government's commitment to inclusive development is evident through its unwavering efforts to enhance infrastructure, expand its reach to every corner of the country, and stimulate investments to unlock untapped potential. The strength and dynamism of India's economy is supported by stringent policy frameworks and regulatory measures and the steady resurgence of the

# Transforming livelihoods, the ESAF way



private sector. It is quite obvious that the banking sector will be the biggest beneficiary when the economy grows. Buoyed by favourable economic and financial conditions, the Indian banking sector is undergoing a strong resurgence, spurred by a series of transformative reforms. ESAF Small Finance Bank is poised for a growth phase, equally demonstrating the sense of resilience and committed towards the sustainable development goals.

It brings me great joy to note that profits have increased considerably at the holding company in the last financial year. I would like to take this occasion to thank the Chairperson and Managing Director, eminent Board of Directors, leadership team of ESAF Financial Holdings for the

support being extended to ESAF Small Finance Bank.

As we look ahead, our dedication to spearhead meaningful change in the lives of the underserved masses remains steadfast. By leveraging innovation and collaboration, we aim to continue building a just and equitable future for all.

Joyfully Yours,

**K. Paul Thomas**

Founder, ESAF Group of Social Enterprises,  
MD & CEO, ESAF Small Finance Bank





## MESSAGE FROM THE CHAIRPERSON AND MANAGING DIRECTOR



**Commitment in  
creating long  
lasting value**

Dear Shareholders,

It was indeed an exciting year for ESAF Financial Holdings with a string of monumental achievements. The year has been that of resilience and growth too and we were able to equally participate in the remarkable resurgence exhibited by the Indian economy, following extraordinary challenges thrown out from the pandemic and new normal scenarios. In the fiscal year 2023-24, India's vibrant economy achieved remarkable growth rate of 7.6%, exceeding the expectations. The future also looks buoyant with the absolute focus of the Government to bring in inclusiveness as a centre of attention, through its various visible initiatives.

We have witnessed the fulfilling and historic moment of listing of shares of our Associate M/s ESAF Small Finance Bank Ltd in the bourses. The initial public offer of shares of M/s ESAF Small Finance Bank saw overwhelming enthusiasm amongst the larger public and investor community and it was oversubscribed by an impressive 77 times. As the holding company of ESAF Small Finance Bank, it gives us immense confidence in the future prospects for the Bank as the successful IPO fuelled necessary capital base along with completion of regulatory approvals, to further the organisation's mission of financial inclusion and its continued positive intervention amongst underserved communities and its unique concept of social banking.



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*ESAF Financial Holdings saw remarkable growth this year, highlighted by the successful IPO of ESAF Small Finance Bank. We remain committed to financial inclusion.*

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In this IPO process through our strategic participation in the Offer for Sale (OFS), as a Core Investment Company, we could significantly improve our revenues to Rs. 40.65 Crores from the earlier year's 3.18 Crore. Also a significant increase in Profit After Tax emerged and it rose to 27.64 Crore from 1.03 Crore in the corresponding year. 1178.14% and profit after tax by 2592.40%, through strategic participation in the Offer for Sale (OFS). It is noteworthy to highlight that



the shareholders of our holding company enthusiastically participated in the buyback of shares, which further reinforces our shareholders' continued trust and confidence in the organisation's business model and strategic vision.

It gives us immense pleasure that our Associate M/s ESAF Small Finance Bank has completed seven years of its service to the nation with its continued and bolstered commitment towards People, Planet and Prosperity. In the financial year 2023-24 Bank posted commendable financial results. The total deposits of the Bank touched Rs. 19,867 Crore and advances reached Rs. 18,772 Crore with a total customer base of 84 lakhs, serviced through 7321 Customer Touch Points spread across 23 states. We are delighted to note that the Bank received an ESG rating of 71/100 as against the industry average of 59, which clearly shows the focused efforts in the social front as well. This remarkable performance of ESAF Small Finance Bank was achieved braving

We truly believe that we are progressing on a fulfilling journey towards an inclusive horizon, fostering sustainable and environmentally responsible growth. With renewed determination and strength, I am sure that we are destined to positively impact the lives of the underserved in the days to come.

I would like to conclude by reiterating my gratitude to our institutional investors including ESAF Swasraya Multistate Agro Cooperative Society Ltd, Dia Vikas Capital, SIDBI venture-Samridhi Fund, ESAF Staff Welfare Trust, and each of the individual stakeholders, who remains as the cornerstone of strength. I would like to appreciate ESAF Swasraya Multistate Agro Cooperative Society for getting the coveted membership in International Cooperative Alliance as its eighteenth member from India. My acknowledgements also go to our Regulator, the Reserve Bank of India, Statutory Auditors M/s A. John Moris & Co, eminent Board of Directors, dedicated leadership team, and all stakeholders who have sincerely supported our journey from the beginning. I am equally thankful to our Associate ESAF Small Finance Bank, and its dedicated management team, who consistently strive in driving the mission of ESAF.

Together, let's strive to achieve impactful milestones year on year, building our legacy as a sustainable and responsible investment platform for thriving Social enterprises.

Thanking you,

**Mereena Paul**

Chairperson and Managing Director.





## PHOENIX OF PALAKKAD

**Sandhya K.**, Palakkad, Kerala.



The transformation of Sandhya K., from a housewife to an entrepreneur, was not easy. Despite life's attempts to burn her spirit to ashes, she rose like a phoenix with renewed vigour and achieved success.

Hailing from a small hamlet in Palakkad, Sandhya led a life steeped in despair. Neglected by her husband, she and her two children were left to fend for themselves. Lack of education restricted her from securing a decent job. Despite facing challenges, she believed in her talent, held onto her dream and set out to start a tailoring shop of her own. However, the lack of working capital turned out to be a hindrance. When she was on the verge of giving up on her dream, her friend introduced her to ESAF Small Finance Bank. Becoming a member of ESAF Sivaganga Sangam changed her life for good. When every other financial institution rejected her loan application due to lack of adequate security and proof of income, ESAF Bank provided an Income Generation Loan of Rs. 20,000.

With the help of the loan, she bought a sewing machine and opened a shop named Diamond Fashion. Today she pays her EMI without default and earns a stable income ranging from Rs. 75,000 to Rs. 1,00,000 every month. Sandhya is one among the many people who started dreaming big with ESAF.

\*As narrated to Sudeep R., HO, ESAF SFB



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



## DREAMING BIG & REAPING BIG

**Santhi Velu**, Dharmapuri, Tamil Nadu



Santhi Velu, a hard-working farmer from Dharmapuri district in Tamil Nadu, depends on her two-acre farmland in Mittareddihalli village for her daily bread. The district experiences extreme weather conditions. The wet season is overcast, and the dry season is humid. So, she chose to grow Oleander, a crop that was best suited for the climate and in high demand in the cosmetic industry. The crop was expected to bring a good yield but sudden rains spoiled the crop and led to a big loss.

But Santhi Velu did not give up. She believed that the future was holding something great for her. Becoming a shareholder in the peasant-producer organisation promoted by ESAF Small Finance Bank helped her move ahead. She was almost on the verge of quitting, but the members of the FIG (Farmer Interest Groups) encouraged her to continue farming. The FIG provided her with proper training in farming and eventually became her pillar of strength.

With the help of ESAF Bank's Agri Loan, she procured a working capital of Rs. 50,000. And this amount helped her to start growing paddy and yield profit. The timely support of ESAF Bank helped her prosper in life. Santhi Velu is one among the many people who started dreaming big with ESAF.

\*As narrated to Anand Kandasamy, ESAF SFB, Dharmapuri



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



ESAF Financial Holdings Private Limited  
CIN: U65910KL1996PTC077288  
Registered & Corporate Office: No. X/109/M4, Second Floor,  
Hephzibah Complex, Mannuthy P.O, Thrissur, Kerala – 680651

NOTICE is hereby given that the 28th ANNUAL GENERAL MEETING of the members of ESAF FINANCIAL HOLDINGS PRIVATE LIMITED will be held on Saturday, 17th August, 2024 at 11.00 A.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 2024, 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. Re-appointment of Shri. Abraham Thariyan 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 a Special 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’), the Companies (Appointment and Qualification of Directors) Rules, 2014 and the directions of the Reserve Bank of India (including any statutory modification(s) or re-enactment thereof, for the time being in force), Shri. Abraham Thariyan, holding DIN: 07132831, who was appointed as the Independent Director on the Board of Directors of the Company, for a period of three (3) consecutive years with effect from 08th September, 2021 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 re-appointment, be and is hereby re-appointed as the Independent Director of the Company, for a period of three (3) consecutive years with effect from 08th September, 2024 and whose office shall not be liable to retire by rotation."

By the order of the Board

**Minu Santhosh**

Place: Thrissur

Company Secretary

Date: 05th July, 2024

Membership No: A62382

### NOTES:

• The Ministry of Corporate Affairs (‘MCA’) has vide its General circular dated 25 September 2023 read with circulars dated 5 May 2020, 5 May 2022 and 28 December 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.

• 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.

- 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.
- 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
- 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.
- 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\\_Y2I2ZWZlOTUtYzFjOS00ZDZlLWE2YzltY2FmMWNmMjlxMGY0%40thread.v2/0?context=%7b%22Tid%22%3a%22defd7bc9-cd32-4002-8a84-59be2d0bdb9d%22%2c%22Oid%22%3a%22d34f361d-a910-496c-a3b5-9c5474b165ba%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_Y2I2ZWZlOTUtYzFjOS00ZDZlLWE2YzltY2FmMWNmMjlxMGY0%40thread.v2/0?context=%7b%22Tid%22%3a%22defd7bc9-cd32-4002-8a84-59be2d0bdb9d%22%2c%22Oid%22%3a%22d34f361d-a910-496c-a3b5-9c5474b165ba%22%7d)

- Institutional/Corporate shareholders (i.e. other than individuals/HUF, NRI, etc.) shall send a scanned copy (pdf/jpg format) of its Board or Governing Body's resolution/authorisation, etc., authorising their representative to attend and vote in the AGM on its behalf. The said resolution/authorisation shall be sent to the Company Secretary by email from their registered email address to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com).
- 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 10:45 AM

to 11:15 AM.

- The Statutory Registers maintained by the Company is available for inspection to members at the registered office of the Company during the business hours.

In accordance with the MCA Circulars, the said registers have been made accessible for inspection through electronic mode and shall remain open and be accessible to any member till conclusion of the meeting. Any member intending to inspect the Statutory registers through electronic mode shall make a request by sending an email to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com).

- For ease of conduct, members who would like to ask questions/express their views on the items of the businesses to be transacted at the meeting can send in their questions/comments in advance by sending an email to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com) before 5:30 PM IST on 16th August, 2024 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.
- 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.
- 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.
- During the Meeting, where a poll on any item is required, the members participating through VC shall cast their vote on the resolutions only by sending emails from their registered email id registered with the Company to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com).
- Members, who would like to express their views or ask questions during the AGM will have to register themselves as a speaker by sending an email to [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com) before 05:30 PM IST on 16th August, 2024 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.
- Members who need technical assistance before or during the 28th AGM can contact the Company at [minu.santhosh@esafholdings.com](mailto:minu.santhosh@esafholdings.com) or Mob: +91 9072045500.



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

### **Item No. 3 – Re-appointment of Shri. Abraham Thariyan as the Independent Director of the Company**

Shri. Abraham Thariyan (07132831) was appointed as an Independent Director of the Company with effect from 08th September, 2021 for a period of three (3) consecutive years, by the shareholders of the Company in the Annual general meeting held on 30th September, 2021, in compliance with the provisions of the Companies Act, 2013 and the guidelines of the Reserve Bank of India.

His term of appointment gets completed by 08th September, 2024. Based on the recommendations of the Nomination and Remuneration Committee of the Board (NRCB) and in compliance with the provisions of Sections 149, 152, 161 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 Director's Fit & Proper Policy of the Company, the Board of Directors of the Company decided to accord its recommendation to the members of the Company to re-appoint Shri. Abraham Thariyan (07132831) as an Independent Director of the Company in the 28th Annual General Meeting of the Company for another term not exceeding 3 consecutive years commencing from 08th September, 2024. The period of office of Shri. Abraham Thariyan 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. Abraham Thariyan is a Graduate in Science from University of Kerala and Post Graduate in General Sociology

from University of Saugar. He has completed his Master of Business Administration from Cochin University. He has got 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 experience of 36 years with Federal Bank Limited

In terms of the provisions of the Companies Act, 2013, Shri. Abraham Thariyan has submitted requisite consent(s)/ disclosures before the Board. The NRCB and the Board has also confirmed that Shri. Abraham Thariyan complies with the fit and proper norms of RBI, criteria of independence as per the provisions of Companies Act, 2013 and the Policies of the Company, for being re-appointed as an Independent Director on the Board of the Company.

Considering the knowledge, background, experience and expertise of Shri. Abraham Thariyan, the Nomination and Remuneration Committee of the Board and the Board of Directors of the Company are of the view that the re-appointment of Shri. Abraham Thariyan as the Independent Director shall be of immense benefit to the Company. Since the director is above 70 years of age, the Board recommends Resolution No. 3 as a Special Resolution for approval by the Members.

None of the Directors, except the proposed director himself or any 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. Abraham Thariyan			
Age	72 Years			
Qualification	<ul style="list-style-type: none"> <li>• Master of Business Administration from Cochin University</li> <li>• Master of Arts – General Sociology from University of Saugar, Madhya Pradesh</li> <li>• Bachelor of Science from University of Kerala</li> </ul>			
Expertise in specific functional areas	Experience for more than 20 years in International Banking and Foreign Exchange and has an overall extensive work experience of more than 40 years			
Experience	Sl. No.	Name of the Organization	Designation	Period of Employment
	1	Federal Bank Limited	Various Designations	1973 - 2009
	2	South Indian Bank Limited	Executive Director	April 2009 – September 2014
Terms and Conditions of appointment	Re-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	Rs.100,000/- (Sitting fees during the FY 2023-24)			
Date of First appointment on the Board	08.09.2021			
Shareholding in the Company	NIL			
Relationship with other Directors, Manager and other Key Managerial Personnel	NIL			
Number of meetings of the Board attended during the F.Y 2024-25	3			
Directorships held in other companies	1			

## Memberships/ Chairmanship of Committees of other Companies

Sl. No.	Name of the Company	Board Committees in which he is a member	Board Committees in which he is a Chairperson
1.	KLM Axiva Finvest Limited	Audit Committee Nomination & Remuneration Committee	-



## DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2023-24

To the Members,

Your directors have pleasure in presenting the Twenty Eighth Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended 31st March, 2024.

The summary of the Company's financial performance both on a Consolidated and Standalone basis for FY 2023-24 compared to the previous year, FY 2022-23 is given below:

### 1. Financial Highlights

Particulars	Standalone Amount (₹ in Lakhs)		Consolidated Amount (₹ in Lakhs)	
	2023-24	2022-23	2023-24	2022-23
Total revenue	4065.01	318.04	4065.01	318.04
Total Expenses	1029.11	180.18	1029.11	180.18
Share of Profit/(Loss) of Associate Company	-	-	11522.99	11363.78
Profit (Loss) before Extra-Ordinary items and taxation	3035.90	137.86	14558.89	11501.64
Tax Expenses	271.35	35.18	271.35	35.18
Profit (Loss) from continuing operations (A)	2764.56	102.68	14287.55	11466.46
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	-	-	(4549.87)	(3597.62)
<b>Profit for the year (A+B)</b>	<b>2764.56</b>	<b>102.68</b>	<b>9737.68</b>	<b>7868.84</b>

## 2. Dividend

The Board of Directors of the Company proposed to declare final dividend on preference shares issued by the company as given below.

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

The Board of Directors have not declared any Interim Dividend during the financial year under review. With a view to preserve its reserves, the Directors do not recommend any Dividend on Equity Shares for the financial year ended March 31, 2024.

## 3. Amounts Transferred to Reserves

During the year under review, your Company has transferred an amount of Rs.55,291,113/- out of profit after tax for the year to the statutory reserve.

## 4. Capital Adequacy

The Capital Adequacy Ratio of the Company stands at 94.08% as of March 31, 2024 as against the minimum capital adequacy requirement of 30% stipulated by RBI.

## 5. 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 2024 stands at Rs.2500 million divided into 190 million Equity Shares of Rs.10/- each and 6 million Compulsorily Convertible Preference Shares of Rs.100/- each.

### b) Paid up Share Capital

During the year under review, the Company has bought back 39,28,000 Equity shares of face value of Rs.10/-

each from the shareholders on 30th March, 2024. The Paid-up Share Capital of the Company as on 31st March 2024 stands at Rs.1678.82 million consisting of 149.83 million Equity Shares of Rs.10/- each and 1.805 million Compulsorily Convertible Preference Shares of Rs.100/- each.

## 6. 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.

## 7. 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 2023-24. The Consolidated Financial Statements which have been prepared in accordance with the Act, and the

relevant Accounting Standards form part of this Annual Report.

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

ESAF Small Finance Bank, successfully launched its initial public offering (IPO) during the FY 2023-24. The equity shares of the Bank, bearing face value of ₹ 10 each, got listed on BSE, NSE on November 10, 2023 at ₹60 each. The total offer size was ₹4,630.00 million comprising fresh issue of ₹ 3,907.00 million and offer for sale (OFS) of ₹723.00 million. The Company being the corporate promoter of the Bank participated in the OFS for ₹492.60 million.

82,10,000 equity shares of face value ₹10 each aggregating to ₹82.10 million, held by the company was sold in the IPO.

### 8. Board and Committee meetings

During the Financial Year 2023-24, the Board of Directors of the Company met Five (5) times on 02nd June, 2023, 25th August, 2023, 17th October, 2023, 30th November, 2023 and 14th February, 2024.

During the Financial Year 2023-24, the meetings of Audit Committee of Board (ACB) and Group Risk Management Committee of Board (GRMC) were held on 02nd June, 2023, 25th August, 2023, 30th November, 2023 and 14th February, 2024. Meetings of Nomination & Remuneration Committee of Board (NRCB) were held on 02nd June, 2023, 25th August, 2023 and 30th November, 2023. Investment Committee Meetings were held on 24th May, 2023, 17th October, 2023 and 22nd March, 2024.

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

As on the Financial year end date 31st March 2024, the Board of Directors of the Company comprises of Nine (9) directors. The list of Directors and the Key Managerial Personnel as on 31st March 2024 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. Joy Joseph Cherayaththekkuden	Independent Director
4.	Mr. Ranganathan Varadarajan Dilip Kumar	Nominee Director
5.	Mr. Mark Robert Daniels	Nominee Director
6.	Mrs. Saleena George	Nominee Director
7.	Mrs. Emy Acha Paul	Nominee Director
8.	Mr. Vikraman Ampalakkat	Non- Executive Director
9.	Mr. Ajayan Mangalath Gopalakrishnan Nair	Non- Executive Director
10.	Mr. Plackal Varuthutty Antony	Chief Financial Officer
11.	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. Plackal Varuthutty Antony	Chief Financial Officer	Appointment	01st December, 2023
2.	Mr. Krishnasadan Krishnakumar	Chief Financial Officer	Resignation	30th November, 2023
3.	Ms. Saleena George	Nominee Director	Appointment	25th August, 2023
4.	Mrs. Philomina	Nominee Director	Resignation	10th August, 2023
5.	Mr. Joy Joseph Cherayaththekkuden	Independent Director	Appointment	02nd June, 2023

## 10. 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.

## 11. 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, 2024, 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, 2024 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.

## 12. 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 2023-24

does not contain any qualification, reservation, adverse remark or disclaimer.

## 13. 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: Nil

Foreign exchange outgo: Nil

## 14. 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.

## 15. Extract of Annual Return

The extract of Annual Return, in format MGT-9, for the Financial Year 2023-24 has been enclosed with this report as Annexure II.

## 16. 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.

## 17. 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 2023-24 in the prescribed format, AOC-2 has been enclosed with the report as Annexure IV.

## 18. Deposits

As per the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, the Directors hereby report that the Company has not accepted



any deposits from the public during the year and do not have any public deposits outstanding at the end of the year.

## 19. CSR expenditure

The Company have not spent any amount on Corporate Social Responsibility during the Financial Year 2023-24.

## 20. Secretarial Audit Report

Since all the Non-Convertible Debentures have been delisted, Secretarial Audit is not applicable to the Company for the Financial Year 2023-24.

## 21. Managerial remuneration

The Company does not come under the purview of Section 197(12) of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The remuneration of directors and Key Managerial Personnel have been framed as per the Policy and approved by the Nomination and Remuneration Committee of the Board and Board of Directors of the company.

## 22. Material Changes and Commitments affecting the financial position of the Company

The Company on 30th March, 2024, had bought back 39,28,000 Equity shares of face value of Rs.10/- each from the shareholders at a Buyback price of Rs.77/- each, total buyback consideration amounting to Rs.30,24,56,000/-, out of its free reserves.

The buyback was less than 10% of the aggregate of paid-up equity capital and free reserves of the company as on 31st December, 2023 and the same was authorized by the Board of Directors by means of a resolution passed at their meeting dated 14th February, 2024.

There are no other material changes and commitments affecting the financial position of the Company, that has occurred at the end of the financial year.

## 23. 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.

## 24. 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.

## 25. Risk Management

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.

## 26. 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.

## 27. 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.

## 28. 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 2023-24, the Company has not received any complaints on sexual harassment.



## 29. Green Initiatives

Electronic copies of the Annual Report for the Financial Year 2023-24 and the Notice of the AGM is being sent to all the members whose email addresses are registered with the Company. Physical copies are sent in the permitted mode only to those members who have not registered their email address.

## 30. 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.

## 31. 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: 05th July, 2024



# 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 million.\*)

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	5,147.80
5.	Reserves and surplus	13,495.61
6.	Total assets	2,53,555.26
7.	Total Liabilities	2,53,555.26
8.	Investments	54,942.59
9.	Turnover	28,125.68
10.	Profit before taxation	2,674.34
11.	Provision for taxation	717.67
12.	Profit after taxation	1,956.68
13.	Proposed Dividend	Nil
14.	Extent of shareholding (in percentage)	52.94%

**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: 05th July, 2024

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, 2024

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

#### I. Registration and other Details:

i	CIN	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	98.00%

#### 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	52.94%	2(6)

## IV. Share Holding Pattern

ii) Category-wise Share Holding

a) Equity shareholding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(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....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
<b>Total Promoter shareholding (A)(1) +(A)(2)</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>	<b>34,900</b>	<b>34,900</b>	<b>0.02%</b>	<b>-</b>
<b>B.Public Shareholding</b>									
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 %	-	1,33,03,765	1,33,03,765	8.88 %	2.29 %
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	<b>17,176,230</b>	<b>17,176,230</b>	<b>11.17 %</b>	-	<b>1,33,03,765</b>	<b>1,33,03,765</b>	<b>8.88 %</b>	<b>2.29 %</b>	
2. Non-Institutions										
a) Bodies Corp.	-									
i) Indian	-	3,13,63,333	3,13,63,333	20.40 %	-	3,13,63,333	3,13,63,333	20.93 %	0.53 %	
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	105,000	105,000	0.07%	-	1,03,465	1,03,465	0.07%		
ii) Individual shareholders holding nominal share capital in above of ₹ 1 lakh	-	18,24,426	18,24,426	1.19%	-	17,70,426	17,70,426	1.19%		
c) Others	-	10,32,57,207	10,32,57,207	67.15%	-	10,32,57,207	10,32,57,207	68.91 %	1.76 %	
<b>Sub-total (B)(2):-</b>	-	<b>13,65,49,966</b>	<b>13,65,49,966</b>	<b>88.81%</b>	-	<b>13,64,94,431</b>	<b>13,64,94,431</b>	<b>91.10 %</b>	<b>2.29 %</b>	
<b>Total Public Shareholding (B)(1)+ (B)(2)</b>	-	<b>15,37,26,196</b>	<b>15,37,26,196</b>	<b>99.98%</b>	-	<b>14,97,98,196</b>	<b>14,97,98,196</b>	<b>99.98%</b>		
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>15,37,61,096</b>	<b>15,37,61,096</b>	<b>100 %</b>	-	<b>14,98,33,096</b>	<b>14,98,33,096</b>	<b>100 %</b>		

b) Preference shareholding

Category of shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>	-	-	-	-	-	-	-	-	-
(1) Indian	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
<b>B.Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-

a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	18,04,850	18,04,850	100 %	-	18,04,850	18,04,850	100 %	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
c) Others	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Shares held by Custodian	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>18,04,850</b>	<b>18,04,850</b>	<b>100 %</b>	-	<b>18,04,850</b>	<b>18,04,850</b>	<b>100 %</b>	-

ii) Shareholding of Promoters

Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
<b>Mr. Kadambelil Paul Thomas</b>	34,900	0.02%	-	34,900	0.02%	-	-
<b>Total</b>	<b>34,900</b>	<b>0.02%</b>	-	<b>34,900</b>	<b>0.02%</b>	-	-

iii) Change in Promoters' Shareholding : Nil

iv) 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 %
3.	Mrs. Saleena George	40,000	0.03 %	40,000	0.03 %

v) Shareholding Pattern of top ten Shareholders (other than Promoters, Directors and KMPs)

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	65.15 %
2.	Dia Vikas Capital Pvt. Ltd.*	3,07,30,000	19.99%	3,07,30,000	20.51 %
3.	SIDBI Trustee Company Ltd -A/c Samridhi Fund	1,71,76,230	11.17 %	1,33,03,765	8.88 %
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	0.42%
6.	Mr. Kadambelil Pailee Thomas	2,53,180	0.16%	2,53,180	0.17%
7.	Mrs. Achamma Thomas	2,53,180	0.16%	2,53,180	0.17%
8.	Mr. Thomas Joseph	2,00,000	0.13 %	2,00,000	0.13 %
9.	Mr. Raphael Parambi	2,00,000	0.13 %	1,54,909	0.10 %
10.	Mr. George Thomas	1,74,400	0.11 %	1,74,400	0.12 %

\*As on 08th May, 2024, the equity shareholding of Dia Vikas Capital Pvt. Ltd. has been brought down to 19.99%, in compliance with the RBI directions.

## V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	<b>-</b>	<b>-</b>	<b>NIL</b>

<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-	-	-	-
<b>Net Change</b>	<b>NIL</b>	-	-	<b>NIL</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>NIL</b>	-	-	<b>NIL</b>

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount (₹)
		Mereena Paul (Chairperson and Managing Director)	
1	Gross salary	1,13,14,168	1,13,14,168
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,600	21,600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as % of profit - others, specify...		
5.	Others, please specify (Sitting Fee)		
<b>Total (A)</b>		<b>1,13,35,768</b>	<b>1,13,35,768</b>

Ceiling as per the Act

Not Applicable for a Private Company

B. Remuneration to other directors

Name of Directors	Abraham Thariyan	Joy C. Joseph	M. G. Ajayan	Vikraman Ampalakkat
Designation	Independent Director	Independent Director	Non Executive Director	Non Executive Director
Sitting Fee for attending Board meetings	1,00,000	80,00	1,00,000	1,00,000
Commission				

Others, please specify					
<b>Total (A)</b>		<b>1,00,000</b>	<b>80,000</b>	<b>1,00,000</b>	<b>1,00,000</b>
<b>Nominee Directors</b>	<b>R. V. Dilip Kumar</b>	<b>Mark Robert Daniels</b>	<b>Emy Acha Paul</b>	<b>Saleena George</b>	<b>Philomina</b>
Sitting Fee for attending Board meetings	Nil	80,000	1,00,000	60,000	20,000
Commission					
Others, please specify					
<b>Total (B)</b>	<b>Nil</b>	<b>80,000</b>	<b>1,00,000</b>	<b>60,000</b>	<b>20,000</b>
<b>Grand Total (A)+(B)</b>					<b>6,40,000</b>

Note: The disclosure regarding remuneration of other Directors is made for their tenure in office.

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

Particulars of Remuneration	Key Managerial Personnel			Total Amount
	Chief Financial Officer	Chief Financial Officer	Company Secretary	
<b>Gross salary</b>	<b>Mr. K. Krishnakumar</b>	<b>Mr. P. V. Antony</b>	<b>Ms. Minu Santhosh</b>	
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (Excluding arrear for previous years)	18,14,400	7,84,000	6,34,560	32,32,960
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	17,600	8,800		26,400
c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
Stock Option				
Sweat Equity				
Commission - as % of profit - Others, specify				
Others Specify				
<b>Total</b>	<b>18,32,00</b>	<b>7,92,800</b>	<b>6,34,560</b>	<b>32,59,360</b>

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

## VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Detailsof Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/COURT]	Appeal made, if any (give Details)
<b>A. Company</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. Directors</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. Other officers in default</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Sd/-

**Mereena Paul**

Chairperson & Managing Director

DIN: 02228087

Place: Thrissur

Date: 05th July, 2024

Sd/-

**Abraham Thariyan**

Director

DIN: 07132831



## ANNEXURE III

### Particulars of Loan, Guarantees and Investments under Section 186 as on 31st March 2024

#### A) Details of Investments

Sl. No.	Details of Investee	Amount	Purpose for which the proceeds from investment is proposed to be utilized by the recipient
1	ESAF Small Finance Bank Limited	₹ 2,756,900,000/-	Equity Share Capital
2	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: 05th July, 2024

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: 05th July, 2024

Sd/-

**Abraham Thariyan**

Director

DIN: 07132831



## REPORT ON CORPORATE GOVERNANCE

**E**SAF 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 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.

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.

### **Internal Guidelines on Corporate Governance**

The Company has formulated an Internal Guidelines on Corporate Governance in pursuance to the Master Direction- Reserve Bank of India (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023; the provisions of the Companies Act, 2013 and Rules amended from time to time and the Industry Best Practices

### **Composition of Board**

As on 31st March 2024, the Board consists of a total of nine directors including a Managing Director, two Non-Executive Independent Director, three Investor Nominee Directors, one Promoter Nominee Director and two Non-Executive Directors. During the Financial Year 2023-24, the Board of Directors of the Company met Five (5) times on 02nd June, 2023, 25th August, 2023, 17th October, 2023, 30th November, 2023 and 14th February, 2024.



Sl. No.	Name of the Director	Date of appointment	Capacity	DIN	Number of Board Meetings		No. of other directorship	Remuneration (in INR)		No. of shares held in NBFC
					Held	Attended		Salary & other compensation	Sitting fee	
1.	<b>Mereena Paul</b>	09.03.2017	Chairperson & Managing Director	02228087	5	5	1	11,335,768	Nil	15,000 equity shares
2.	<b>Abraham Thariyan</b>	08.09.2021	Non-Executive Independent Director	07132831	5	5	1	Nil	100,000	Nil
3.	<b>Joy C. Joseph</b>	02.06.2023	Non-Executive Independent Director	05221046	4	4	2	Nil	80,000	Nil
4.	<b>Vikraman Ampalakkat</b>	30.11.2021	Non-Executive Director	01978341	5	5	2	Nil	100,000	Nil
5.	<b>M. G. Ajayan</b>	01.12.2022	Non-Executive Director	09782416	5	5	1	Nil	100,000	Nil
6.	<b>R. V. Dilip Kumar</b>	09.11.2015	Non-Executive Nominee Director	01060651	5	5	5	Nil	Nil	Nil
7.	<b>Mark Robert Daniels</b>	28.09.2022	Non-Executive Nominee Director	02400806	5	4	3	Nil	80,000	Nil
8.	<b>Saleena George</b>	25.08.2023	Non-Executive Nominee Director	10269640	3	3	0	Nil	60,000	40,000 equity shares
9.	<b>Emy Acha Paul</b>	30.11.2021	Non-Executive Promoter Nominee	07434054	5	5	7	Nil	100,000	87,500 equity shares

## 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** - 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.

### **Joy Joseph Cheraththekkuden** - Independent Director



Mr. Joy is a Certified Associate of Indian Institute of Bankers (CAIIB). He has a Post Graduate degree in Management Studies (MBA) from CUSAT and Bachelor's degree with Physics Main from Union Christian College Alwaye, University of Kerala. He has 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.

### **Vikraman Ampalakkat** - 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 Practising Accountants.



**Ajayan Mangalath Gopalakrishnan Nair** - 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)



**Saleena George** - Nominee Director

Smt. Saleena is the nominee director of ESAF Swasraya Multi State Agro Co-operative Society Ltd (ESMACO). She has been associated with ESAF Foundation since 1996 and is the Chairperson of ESMACO from 2019. She has 36 years of Government Service in the Agriculture Department of Kerala, and retired as the Additional Director of Agriculture. She has experience as Farm Officer, Administrator and Scientist as a Plant Pathologist in Bio- Central Lab. She has undergone several Trainings in Indian Agricultural Research Institute (IARI), Delhi; National Institute of Agricultural Extension Management (MANAGE), Hyderabad; Tamil Nadu Agricultural University (TNAU), Coimbatore.



**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 facets of Social Transformation, focussing mainly in East and Central India.



## Change in the Composition of the Board

The changes in the Board of Directors of the Company during the current and previous financial year is given below:

Sl. no	Nature of Change	Capacity	Nature of Change	Effective date
1	Arpita Pal Agrawal	Nominee Director	Appointment	06th July, 2024
2	Mark Robert Daniels	Nominee Director	Resignation	05th July, 2024
3	Saleena George	Nominee Director	Appointment	25th August, 2023
4	Philomina	Nominee Director	Resignation	10th August, 2023
5	Joy Joseph Cherayaththekkuden	Independent Director	Appointment	02nd June, 2023

## Composition of the Committees of the Board

As on 31st March 2024, the Company has Five (5) regular Board Committees namely:

- **Audit Committee of the Board (ACB)**
- **Nomination and Remuneration Committee of the Board (NRCB)**
- **Investment Committee of the Board (ICB)**
- **Group Risk Management Committee (GRMC)**
- **Risk Management Committee of the Board (RMCB)**

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. The Company Secretary, acted as the Secretary of the Committees.

### 1. Audit Committee

The Audit Committee was constituted on 07.10.2008 and was reconstituted during the year on 02nd June, 2024. During the Financial Year 2023-24, four (4) meetings of the Audit Committee were held on 02nd June, 2023, 25th August, 2023, 30th November, 2023 and 14th February, 2024

Sl. no	Name of the Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Abraham Thariyan	08.09.2021	Independent Director (Chairman)	4	4	Nil
2.	R. V. Dilip Kumar	29.05.2017	Nominee Director	4	4	Nil
3.	Joy C. Joseph	02.06.2023	Independent Director	3	3	Nil
4.	Vikraman Ampalakkat	07.10.2008	Non-Executive Director	4	4	Nil

### 2. Nomination & Remuneration Committee

The Nomination & Remuneration Committee was constituted on 13.02.2009 and was reconstituted during the year on 02nd June, 2024. During the Financial Year 2023-24, three (3) meetings of the Audit Committee were held on 02nd June, 2023, 25th August, 2023 and 30th November, 2023

Sl. no	Name of the Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Joy C. Joseph	02.06.2023	Independent Director (Chairman)	2	2	Nil
2.	Abraham Thariyan	08.09.2021	Independent Director	3	3	Nil
3.	Mark Robert Daniels	28.09.2022	Nominee Director	3	3	Nil
4.	M. G. Ajayan	02.06.2022	Non-Executive Director	3	3	Nil

### 3. Investment Committee

The Investment Committee was constituted on 24.02.2022 and was reconstituted during the year on 02nd June, 2024. During the Financial Year 2023-24, three (3) meetings of the Investment Committee were held on 24th May, 2023, 17th October, 2023 and 22nd March, 2024.

Sl. no	Name of the Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Mereena Paul	24.02.2022	Managing Director (Chairperson)	3	3	15,000
2.	R. V. Dilip Kumar	24.02.2022	Nominee Director	3	1	Nil
3.	Mark Robert Daniels	28.09.2022	Nominee Director	3	2	Nil
4.	M. G. Ajayan	02.06.2023	Non-Executive Director	2	2	Nil
5.	Emy Acha Paul	24.02.2022	Promoter Nominee	3	3	87,500

### 4. Group Risk Management Committee

The Group Risk Management Committee was constituted on 11.12.2020 and was reconstituted during the year on 02nd June, 2024. During the Financial Year 2023-24, four (4) meetings of the Group Risk Management Committee were held on 02nd June, 2023, 25th August, 2023, 30th November, 2023 and 14th February, 2024.

Sl. no	Name of the Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Abraham Thariyan	08.09.2021	Independent Director (Chairman)	4	4	Nil
2.	Mereena Paul	11.12.2020	Managing Director	4	4	15,000
3.	Joy C. Joseph	02.06.2023	Independent Director	3	3	Nil

4.	Mark Robert Daniels	28.09.2022	Nominee Director	4	4	Nil
5.	Emy Acha Paul	30.11.2021	Promoter Nominee	4	4	87,500

## 5. Risk Management Committee

The Risk Management Committee was constituted on 31.03.2016. No meetings were held during the year under review.

Sl. no	Name of the Director	Member of Committee Since	Capacity	Number of Meetings of the Committee		No. of shares held in the NBFC
				Held	Attended	
1.	Vikraman Ampalokka	27.03.2020	Non-Executive Director (Chairman)	-	-	Nil
2.	R. V. Dilip Kumar	31.03.2016	Nominee Director	-	-	Nil
3.	Mark Robert Daniels	28.09.2022	Nominee Director	-	-	Nil
4.	Emy Acha Paul	30.11.2021	Promoter Nominee	-	-	87,500

## General Body Meetings

During the financial year 2023-24, the following special resolutions were passed at the General Body Meetings:

Sl. no	Type of Meeting	Date & Place	Special Resolutions passed
1	Annual General Meeting	Tuesday, 26th September, 2023	Nil

## Details of non-compliance with requirements of Companies Act, 2013

During the financial year 2023-24, there were no defaults in compliance with the requirements of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

## Details of penalties and strictures

There were no instances of penalties or stricture imposed on the company by the Reserve Bank or any other statutory authority or regulator, during the financial year 2023-24.

# ESFB's IPO Success: Driving Growth, Strategic Investments, and Sustainable Financial Services for India's Future



## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF INDUSTRY

Despite the difficulties arising out of the prolonged Russia-Ukraine conflict and other geo-political challenges, global economy showed great resilience in the year 2023-24 and grew by 3.1% in the year 2023. The country's focus on infrastructure development coupled with agile response to the covid pandemic, increased adaptation of digital products, strategies followed in the oil supply management, effective fiscal and monetary policies of the Govt /RBI helped India to grow to the 5th largest global economy in 2022-23, surpassing UK. In three years, the country is expected to be the third largest economy in the world. Target of the Indian Government is to transform the nation to be a "Developed Country" by 2047.

Our investee company Esaf Small Finance Bank's (ESFB) could successfully complete its Initial Public Offer (IPO) and the bank's shares were listed on the Indian bourses on November 10, 2023. Our company also participated in the IPO programme by divesting 82.10 lakh equity shares through Offer for Sale (OFS) at the issue price of Rs.60 per share. Net proceeds of Rs.4575 Lakhs was received after meeting the share of the issue expenses. ESFB

has successfully expanded its operation to 23 states and 2 union territories. The number of banking outlets has increased to 753 as on 31 March, 2024. We believe that ESFB would continue its upward journey relentlessly and profitably in a sustaining manner in the years to come.

### OPPORTUNITIES

As per NSO estimates, Indian economy grew by 7.3% in 2023-24 (as against 7.2% a year ago) slightly higher than the estimate of 7% by RBI. Good monsoon projections in 2024 would help in increased agricultural income. Food inflation has been managed to remain at moderate levels, compared to many other countries. The favourable economic situation in the country along with the continuity of the Government at the Centre is encouraging and would provide impetus for better business prospects and investment opportunities. Our company would strive to 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 Rs.2764.56 Lakh in the year 2023-24 from Rs.102.68 Lakh in



the previous year, mainly due to increase in the total income to Rs.4065.01 lakhs from Rs. 318.05 Lakh in the previous year. This was mainly due to the profit on sale of investments by Rs.3754 Lakhs realised through the IPO programme of ESAF Small Finance Bank. Total expense has increased to Rs.1029 Lakhs from Rs.180 Lakhs, mainly on account of a onetime provision of Rs.820 Lakhs created towards contingencies in respect of certain service tax disputes.

The Company has done the buyback of 39,28,000 shares for Rs.77/- per share amounting to Rs.3024.56 Lakhs including a premium of Rs.67/- per share amounting to Rs.2631.76 Lakhs in the month of March 2024 with the proceed received from Sale of Share via OFS during the IPO. Buy back tax amounting to Rs. 440.69 Lakhs was debited to retained earnings.

With regard to the consolidated financial performance, the net profit for the current year has improved to Rs.9737.68 Lakh from Rs.7868.84 Lakh in the previous year. The net profit is after

adjusting for the decrease in the shareholdings of our company in the Bank from 62.46% as on March 31, 2023 to 52.94% as on March 31, 2024 after considering the effect of the completion of IPO by the Bank by way of fresh issue of shares as well as through OFS by some of the existing shareholders including by our company as explained earlier.

## **FUTURE**

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





## STANDALONE FINANCIALS

### INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Standalone Financial Statements

#### **OPINION**

We have audited the accompanying Standalone financial statements of “M/s. Esaf Financial Holdings Private Limited” (Formerly known as per ESAF Microfinance and Investments Private Limited) (“the Company”) which comprises the Balance Sheet as at 31st March 2024, 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, 2024, 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, 2024. 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 Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Standalone 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.

## **OTHER MATTERS**

The accompanying Standalone Financial Statements include the Ind AS financial statements and other financial information which reflects the company's share of Profit of Rs. 2323.86 lakhs and share of Other Comprehensive Income is NIL for the year ended March 31, 2024, which have been reviewed by us in accordance with Standard issued by the Institute of Chartered Accountants of India (ICAI).

Our opinion on the standalone 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**

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, 2024 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2024 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 2023-24, the company has declared preference dividend amount of Rs.18,04,850 pertaining to Financial Year 2023-24 and has paid preference dividend

of amount Rs.18,04,850 pertaining to Financial Year 2022-23 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.
- (d) As per the proviso of Rule 3(1) of the Companies (Accounts) Rules, 2014 Audit trail is applicable for the company and the existing feature needs to be strengthened to comply with the stated guidelines.

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

CA KV SIVAKUMAR  
(Partner)  
UDIN: 24027437BKAIXM1615  
M. No.: 027437

Place: Thrissur  
Date: 05-07-2024



## **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) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) whether the company is maintaining proper records showing full particulars of intangible assets;

(b) These Property, Plant and Equipment have been physically verified by the management at reasonable intervals; there is no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account;

(c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company,

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) There are no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, if so, whether the company has appropriately disclosed the details in its financial statements;

• The Company is a core investment company (CIC) and does not deal with Inventory. Accordingly, paragraph 3 (ii) of the order is not applicable.

• 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.

• 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.

• 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.

• 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, 2024 for a period of more than six months from the date they became payable.

• 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).

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

a) the company has an outstanding due of Rs.5,60,243/- 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.

• 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.

- 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.

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

- 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.

- The company is not mandatorily required to appoint an internal auditor (under Sec 138 read with Rule 13), since it is a private company, and hence this paragraph of the order is not applicable.

- 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.

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

- 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

- 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;

- 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.

- 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.

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

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

20. The company has made an exceptional profit by way of capital gains through sale of equity shares of its associate company (ESAF Small Finance Bank). This is part of offer for sale during the public issue of ESAF Small Finance Bank during FY 2023-24. Hence the company would fall under the category of CSR obligations for the F.Y 2024-25.

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

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

CA KV SIVAKUMAR  
(Partner)  
UDIN: 24027437BKAIXM1615  
M. No.: 027437

Place: Thrissur  
Date: 05-07-2024

## **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 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls based on 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,

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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
- 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 31stMarch 2024, as required under the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

CA KV SIVAKUMAR  
(Partner)  
UDIN: 24027437BKAIXM1615  
M. No.: 027437

Place: Thrissur  
Date: 05-07-2024



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
(Formerly known as ESAF Microfinance and Investments Private Limited)  
CIN :U65910TN1996PTC036650

**STANDALONE BALANCE SHEET AS AT MARCH 31, 2024**

Particulars	Notes	As at 31st March 2024 (₹ in Lakhs)	As at 31st March 2023 (₹ in Lakhs)
<b>ASSETS</b>			
Financial Assets			
(a) Cash and Cash Equivalents	1	1,139.11	168.00
(b) Bank Balances other than (a) above	2	510.00	350.00
(c) Other Receivables	3	3.20	110.54
(d) Investments	4	29,569.00	30,390.00
		<b>31,221.31</b>	<b>31,018.54</b>
Non Financial Assets			
(a) Deferred Tax Assets (Net)		196.98	13.93
(b) Property, Plant and Equipment	6	1,585.97	1,590.70
(c) Income tax Assets (net)	11	-	2.55
(d) Other non-financial assets	5	166.71	149.93
		1,949.66	1,757.10
<b>Total Assets</b>		<b>33,170.97</b>	<b>32,775.64</b>
<b>LIABILITIES AND EQUITY</b>			
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	5.60
2) Non Financial Liabilities			
(a) Income tax liabilities (net)	11	420.15	-
(b) Deferred tax liabilities (net)			
(c) Provisions	12	849.50	142.43
(d) Other Non- Financial Liabilities	13	70.15	83.28
3) Equity			
(a) Equity Share capital	14	16,788.16	17,180.96
(b) Other Equity	15	15,037.41	15,363.37
<b>Total Liabilities and Equity</b>		<b>33,170.97</b>	<b>32,775.64</b>

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

For and on Behalf of the Board  
**A. John Moris & Co.,**  
Chartered Accountants  
ICAI Firm Reg.No. 007220 S  
**K.V.Sivakumar**  
Partner  
M.No. 027437

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

**P V Antony**  
Chief Financial Officer

**Abraham Thariyan**  
Director  
DIN:07132831

**Minu Santhosh**  
Company Secretary

Place: Thrissur  
Date: 05/07/2024  
UDIN: 23218962BGWEWC1563

**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
(Formerly known as ESAF Microfinance and Investments Private Limited)  
CIN :U65910TN1996PTC036650

**STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2024**

Particulars	Notes	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
Revenue from operations	16	3,978.61	225.62
Other Income	17	86.40	92.42
<b>TOTAL INCOME</b>		<b>4,065.01</b>	<b>318.04</b>
Expenses:			
(i) Finance costs	18	1.25	1.57
(ii) Employee Benefit Expense	19	157.25	142.47
(iii) Depreciation and Amortisation	6	5.18	7.25
(iv) Other expenses	20	865.43	28.89
<b>TOTAL EXPENSE</b>		<b>1,029.11</b>	<b>180.18</b>
Profit before prior period, exceptional items and tax		3,035.90	137.86
Prior period item		-	-
Profit before tax		3,035.90	137.86
Tax expense			
Current tax		454.40	34.54
Deferred Tax Expenses		-183.05	0.64
		271.35	35.18
Profit or loss for the period from continuing operations		2,764.56	102.68
<b>PROFIT OR LOSS FOR THE PERIOD</b>		<b>2,764.56</b>	<b>102.68</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
(A) (i) Items that will not be reclassified to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
<b>SUBTOTAL (A)</b>			
(B) (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>SUBTOTAL (B)</b>			
Other Comprehensive Income			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,764.56</b>	<b>102.68</b>
Earnings per equity share			
Basic		1.83	0.06
Diluted		1.71	0.06
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  
**K.V.Sivakumar**  
Partner  
M.No. 027437

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

**P V Antony**  
Chief Financial Officer

**Abraham Thariyan**  
Director  
DIN:07132831

**Minu Santhosh**  
Company Secretary

Place: Thrissur  
Date: 05/07/2024  
UDIN: 23218962BGWEWC1563



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
(Formerly known as ESAF Microfinance and Investments Private Limited)  
CIN :U65910TN1996PTC036650

**STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2024**

Note	Particulars	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
<b>A.</b>	<b>Cash flow from operating activities</b>		
	<b>Net profit after tax</b>	<b>2,764.56</b>	<b>102.68</b>
	Adjustments for:		
	Depreciation and amortisation	5.18	7.25
	Finance Costs	1.25	1.57
	Interest Income	-76.53	-22.64
	Provisions/Liabilities no longer required written back	-	-0.41
	Profit on Sale of Fixed Assets	-	-4.62
	Provision for Income tax	454.40	35.18
	Prior Period	-	
	<b>Operating profit before working capital changes</b>	<b>3,148.85</b>	<b>119.02</b>
	<b>Adjustments for (increase) / decrease in operating assets:</b>		
	Other Receivable	107.35	-0.72
	Other Non Financial Assets	-197.29	10.80
	<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
	Trade payables	-	-
	Other Liabilities	-33.68	-12.61
	Provisions	707.07	
	<b>Cash generated from/ (used in) operations</b>	<b>3,732.30</b>	<b>116.49</b>
	Direct taxes paid	-454.40	-35.18
	<b>Net cash from operating activities</b>	<b>3,277.90</b>	<b>81.31</b>
<b>B.</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	-0.45	-
	Sale of fixed assets	-	5.03
	Bank balances not considered as Cash and cash equivalents (Net) (Purchase)/sale of investments	-160.00	-
	Interest received	76.53	22.64
	<b>Net cash used in/ (generated from) investing activities</b>	<b>737.08</b>	<b>27.67</b>
<b>C.</b>	<b>Cash flow from financing activities</b>		
	Proceeds from/(repayment) of borrowings		
	Interest paid	-1.25	-1.57
	Dividend Paid	-18.05	-18.05
	buyback of equity shares	-392.80	-
	Premium paid on share buyback	-2,631.76	-
	<b>Net cash from financing activities</b>	<b>-3,043.86</b>	<b>-19.62</b>
	<b>Net increase in cash and cash equivalents</b>	<b>971.12</b>	<b>89.36</b>
	Opening Cash and cash equivalents	167.99	78.62
	Opening Cash and cash equivalents	1,139.11	167.99

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

**K.V.Sivakumar**  
Partner  
M.No. 027437  
Place: Thrissur  
Date: 05/07/2024  
UDIN: 23218962BGWEWC1563

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

**P V Antony**  
Chief Financial Officer

**Abraham Thariyan**  
Director  
DIN:07132831

**Minu Santhosh**  
Company Secretary

**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
(Formerly known as ESAF Microfinance and Investments Private Limited)  
CIN :U65910TN1996PTCO36650

**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

Note	Particulars	As at 31st March 2024 (₹ in Lakhs)	As at 31st March 2023 (₹ in Lakhs)
<b>1</b>	<b>Cash &amp; Cash Equivalent</b>		
	Cash on hand	0.03	0.03
	Balances with Bank		
	- In current accounts		
	Domestic	1,139.08	167.97
	<b>Total</b>	<b>1,139.11</b>	<b>168.00</b>
<b>2</b>	<b>Other bank balance</b>		
	Other Bank Balance		
	- in deposit accounts	510.00	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		
	<b>Total</b>	<b>510.00</b>	<b>350.00</b>
<b>3</b>	<b>Other receivables</b>		
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties	2.65	1.14
	Others	-	27.92
	(b) Loans and advances to related parties		
	(c) Other receivables	0.55	81.48
	<b>Total</b>	<b>3.20</b>	<b>110.54</b>
<b>4</b>	<b>Investments</b>		
	Investments in Associate :-		
	27,25,48,396 Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	27,569.00	28,390.00
	(28,07,58,396 Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.)"		
	Bonds and Debentures in M/s ESAF Small finance Bank Limited.	2,000.00	2,000.00
	<b>Total</b>	<b>29,569.00</b>	<b>30,390.00</b>
	The Investment are shown at cost		
	The Market value of Investment is Rs.14772.12 lakhs		
<b>5</b>	<b>Other Non Financial Assets</b>		
	(a) Prepaid expenses	0.57	0.46
	(b) Balances with Government authorities	22.18	20.97
	(c) Compensated Leave Salary Assets	8.96	50.06
	(d) Deposits	127.82	68.99
	(e) Insurance claims receivable	-	4.09
	(f) Other Current Assets	7.18	5.36
	<b>Total</b>	<b>166.71</b>	<b>149.93</b>

**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
(Formerly known as ESAF Microfinance and Investments Private Limited)  
CIN : U65910TN1996PTC036650

**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, 2023	Additions	Disposals	Balance as at 31 March, 2024	Rate %	Balance as at 1 April, 2023	Depreciation for the year	Deletions	Balance as at 31 March, 2024	Balance as at 31 March, 2023
<b>A. Tangible Assets</b>										
Land	1,464.42 (1,464.42)			1,464.42 (1,464.42)	-	-	-	-	-	1,464.42 (1,464.42)
Buildings	136.44 (136.44)			136.44 (136.44)	26.95 (24.86)	2.10 (2.10)	2.10 (2.10)	-	29.05 (26.95)	109.48 (111.58)
Leasehold Buildings	37.65 (37.65)			37.65 (37.65)	27.40 (22.73)	2.51 (4.67)	2.51 (4.67)	-	29.90 (27.40)	10.25 (14.92)
Furniture and Fittings	0.63 (0.63)			0.63 (0.63)	0.32 (0.27)	0.06 (0.06)	0.06 (0.06)	-	0.38 (0.32)	0.30 (0.36)
Vehicles	47.78 (55.95)			47.78 (47.78)	41.79 (49.56)	-	-	(7.76)	41.79 (41.79)	5.99 (6.39)
Computer and Accessories	5.37 (5.37)	0.45		5.82 (5.37)	5.11 (4.68)	0.52 (0.43)	0.52 (0.43)	-	5.63 (5.11)	0.26 (0.69)
<b>Total</b>	<b>1,692.28</b> (1,700.45)	<b>0.45</b>	<b>-</b>	<b>1,692.73</b> (1,692.28)	<b>-</b>	<b>101.58</b> (102.09)	<b>5.18</b> (7.25)	<b>(8.00)</b>	<b>106.76</b> (101.58)	<b>1,591.00</b> (1,598.00)

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, 2024

Note	Particulars	As at 31st March 2024 (₹ in Lakhs)	As at 31st March 2023 (₹ in Lakhs)
<b>7</b>	<b>Trade Payable</b>		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	<b>Total</b>	-	-
<b>8</b>	<b>Borrowings</b>		
	Secured Loans		
	Vehicle loans from banks		
	Term Loan from Banks		
	<b>Total</b>	-	-
<b>9</b>	<b>Subordinated Liabilities</b>		
	Non Convertible Debentures		
	<b>Total</b>	-	-
<b>10</b>	<b>Other Financial Liabilities</b>		
	(a) Current maturities of Non Convertible Debentures		
	(b) Current maturities of vehicle loan		
	(c) Interest accrued but not due on borrowings		
	(d) Matured Non Convertible Debentures and Interest accrued thereon	5.05	5.05
	(e) Others	0.55	0.55
	<b>Total</b>	<b>5.60</b>	<b>5.60</b>
<b>11</b>	<b>Income Tax Liabilities/ (Assets)</b>		
	Current Tax liabilities/ (Assets)	420.15	-2.55
	<b>Total</b>	<b>420.15</b>	<b>-2.55</b>
<b>12</b>	<b>Provisions</b>		
	(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
	(iv) Other provisions	5.36	90.37
	(v) Provision For Contingencies-Service Tax- Liability	820.00	-
	<b>Total</b>	<b>849.50</b>	<b>142.43</b>
<b>13</b>	<b>Other Non- Financial Liabilities</b>		
	(a) Other payables		
	(i) Statutory remittances	19.24	12.63
	(ii) Payable to ESAF Employees Gratuity Trust	3.09	3.27
	(iii) Lease Liability	9.18	11.38
	(iv) Other liabilities	38.63	56.01
	<b>Total</b>	<b>70.15</b>	<b>83.29</b>

# ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

### 14 EQUITY SHARE CAPITAL

I)	Particulars	As at Mar 31, 2024		As at Mar 31, 2023	
		No. of shares	Amount (₹ in Lakhs)	No. of shares	Amount (in Lakhs)
	<b>Authorised :</b>				
	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
	<b>Issued, paid up and subscribed</b>				
	Equity shares of ₹10/- each with voting rights	14,98,33,096	14,983.31	15,37,61,096	15,376.11
	Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	18,04,850	1,804.85	18,04,850	1,804.85
		<b>15,16,37,946</b>	<b>16,788.16</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

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

At the beginning of the year	15,55,65,946	17,180.96	15,55,65,946	17,180.96
Issued during the year as fully paid up on conversion	-	-	-	-
Conversion of CCPS into Equity Shares	-	-	-	-
Buy back of shares	39,28,000	392.80	-	-
<b>At the end of the year</b>	<b>15,16,37,946</b>	<b>16,788.16</b>	<b>15,55,65,946</b>	<b>17,180.96</b>

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

##### A. Equity Shares with voting rights

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each holder of the Equity Shares is entitled to one vote per share. During the year ended 31 March 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.

The Company has done the buyback of 39,28,000 shares for Rs.77/- per share amounting to Rs.30,24,56,000/- including a premium of Rs.67/- per share amounting to Rs. 26,31,76,000/- in the month of March 2024 with the proceed received from Sale of Share via OFS during the IPO.

##### 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.

(iii) The company vide in its board resolution dated 14/02/2024 has further extended the period of conversion of CCPS upto 31/03/2029.

#### 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	65.15%	9,76,16,607	63.49%
Dia Vikas Capital Private Limited	3,07,30,000	20.51%	3,07,30,000	19.99%
SIDBI Trustee Company Ltd	1,33,03,765	8.88%	1,71,76,230	11.17%
	<b>14,16,50,372</b>	<b>94.54%</b>	<b>14,55,22,837</b>	<b>94.64%</b>

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

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

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

**DEPRECIATION AS PER IT ACT**

Description	Rate	Opening WDV	ADDITIONS		Amount (₹ in Lakhs)	
			>180 days	< 180 days	Depreciation	Closing WDV
Building	10%	44.50			4.45	40.05
Plant and Machinery	15%	0.08			0.01	0.06
Plant and Machinery	10%	0.32			0.03	0.29
Plant and Machinery	40%	0.58	0.45		0.41	0.62
Leasehold building	33%	10.00			3.30	6.70
<b>Total</b>		<b>55.48</b>	<b>0.45</b>	<b>-</b>	<b>8.20</b>	<b>47.72</b>
		<b>65.78</b>	<b>-</b>	<b>-</b>	<b>10.31</b>	<b>55.48</b>

**15 OTHER EQUITY**

Particulars	As at Mar 31, 2024	As at Mar 31, 2023	As at Mar 31, 2022	As at Mar 31, 2021
	Amount (₹ in Lakhs)			
Other Reserves				
General reserve				
As per last balance sheet	2,625.92	2,605.38	2,588.76	2,554.84
Add : transferred from statement of profit and loss	552.91	20.54	16.62	33.92
	<b>3,178.83</b>	<b>2,625.92</b>	<b>2,605.38</b>	<b>2,588.76</b>
<b>Security premium reserve</b>				
Opening balance	6,363.89	6,363.89	6,363.89	5,692.83
Addition during the year		-	-	671.06
	<b>6,363.89</b>	<b>6,363.89</b>	<b>6,363.89</b>	<b>6,363.89</b>
<b>Capital redemption reserve</b>				
Opening balance	-	-	-	-
Addition during the year	392.80	-	-	-
	<b>392.80</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Earnings</b>				
Profit and loss account				
Opening balance	6,373.55	6,309.46	6,261.02	6,432.70
Add: Profit for the year	2,764.56	102.68	83.11	169.58
Less: Transferred to Other Reserve	-552.91	-20.54	-16.62	-33.92
Less: Transferred to CRR	-392.80	-	-	-
Less: Transferred to Buyback premium	-2,631.76	-	-	-
Less: Tax on buyback	-440.70	-	-	-
	<b>5,119.94</b>	<b>6,391.60</b>	<b>6,327.51</b>	<b>6,568.36</b>
Less: Appropriation				
(a) General Reserve				
(b) Preference Dividend	18.05	18.05	18.05	307.34
(c) Tax on dividend				
	<b>18.05</b>	<b>18.05</b>	<b>18.05</b>	<b>307.34</b>
Balance to be carried forward	<b>15,037.41</b>	<b>15,363.36</b>	<b>15,278.73</b>	<b>15,213.67</b>

### Note 15.1 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of ₹ 5,52,91,113 /-(Previous year ₹20,53,514/-), 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.

## 16 REVENUE FROM OPERATIONS

Particulars	2023-24 (₹ in Lakhs)	2022-21 (₹ in Lakhs)
Interest Income from Debentures	225.00	225.62
Profit on Sale of Investments	3,753.61	-
	<b>3,978.61</b>	<b>225.62</b>

## 17 OTHER INCOME

Interest income on Fixed Deposits	76.53	22.64
Rent received	6.71	5.53
Other Income	3.16	-
Profit on Sale of Fixed Assets	-	4.62
Provisions/Liabilities no longer required written back	-	0.41
Interest income on employee investment	-	3.24
Income from Carbon Credit	-	52.64
Recovery of interest	-	3.35
<b>Total</b>	<b>86.40</b>	<b>92.42</b>

## 18 FINANCE COST

(a) Interest expense on:		
(i) Interest on Lease payment	1.25	1.57
	<b>1.25</b>	<b>1.57</b>

## 19 EMPLOYEE BENEFIT EXPENSE

Salaries, Wages and Bonus	154.54	138.96
Contributions to provident and other funds	0.68	0.53
Staff welfare expenses	2.03	2.98
	<b>157.25</b>	<b>142.47</b>

## 20 OTHER EXPENSES

Electricity and Water Charges	0.14	0.87
Insurance	1.48	2.04
Vehicle Maintenance	4.05	5.36
Office Maintenance & Meeting expenses	0.08	0.06
Bank Charges	0.01	0.26
Rates and Taxes	6.24	1.60
Telephone and Internet expenses	0.02	0.01
Travelling and conveyance	5.51	0.50
Printing and stationery	0.98	0.82
Legal and professional	10.68	5.02
Payments to auditors	5.44	5.74

Directors Sitting Fee	6.40	5.20
Other Expenses	1.70	1.39
Repairs and Maintenance	2.72	-
Provision for service tax	820.00	-
<b>Total</b>	<b>865.43</b>	<b>28.89</b>

## A6 DISCLOSURE PURSUANT TO IND AS 33 'EARNINGS PER SHARE

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

Particulars		2023-24 (₹ in Lakhs)	2022-21 (₹ in Lakhs)
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	2,747	85
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	14,98,33,096	15,37,61,096
<b>Basic earnings per equity share (₹)</b>	<b>A / B</b>	<b>1.83</b>	<b>0.06</b>
<b>Diluted earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	2,747	85
Add : Interest on convertibles (net of tax)	B	18	18
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	2,765	103
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	14,98,33,096	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	16,18,65,429	16,57,93,429
<b>Diluted earnings per equity share (₹)</b>		<b>1.71</b>	<b>0.06</b>
Diluted earnings per equity share (considering Antidilution) (₹)		1.71	0.06
<b>Face value per equity share (₹)</b>		<b>10.00</b>	<b>10.00</b>

# ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

### 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 Material 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.

SI No.	Particurs	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.

SI No.	Particurs	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 ESAF Foundation Cedar Livelihood Private Limited SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Key Management Personnel (KMP) Managing Director	Mrs. Mereena Paul
Chief Financial Officer (upto 30.11.2023)	Mr. Krishnasadan Krishnakumar
Chief Financial Officer (from 01.12.2023)	Mr.P V Antony
Company Secretary	Mrs.Minu Santhosh
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	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
1	Remuneration to KMP	Mrs. Mereena Paul	109.02	103.07
2	Remuneration to KMP	Mr.Krishnasadan Krishnakumar	18.32	21.80
3	Remuneration to KMP	Mr.P V Antony	7.93	-
4	Remuneration to KMP	Mrs.Minu Santhosh	6.35	6.36
5	Sitting fee paid	Mrs. Emy Acha Paul	1.00	1.00
6	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.43	3.27
7	Interest Income on FD	Esaf Small Finance Bank Limited	76.53	22.64
8	Interest Income on debenture bond	Esaf Small Finance Bank Limited	225.00	225.62
9	Rent paid	Mrs. Mereena Paul	3.00	3.00
10	Transactions in Current Account (net) - debit	ESAF Small Finance Bank Limited	973.44	98.51
11	Rent received	Cedar Livelihood Private Limited	1.59	0.77
12	Investments in time Deposit	ESAF Small Finance Bank Ltd	160.00	-

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	15.11	15.49
		ESAF Foundation	-	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	Rent Receivable	Cedar Livelihood Private Limited	2.65	1.14
6	Investments in Equity shares	ESAF Small Finance Bank Ltd	27,569.00	28,390.00
7	Time deposit	ESAF Small Finance Bank Ltd	510.00	350.00
8	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	1,120.67	182.22

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, 2024, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2023 : 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, 2024 (₹ in Lakhs)	As at 31 March, 2023 (₹ in Lakhs)
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	-19.20	-18.41
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	1.39	30.76
Provision for Service Tax	213.20	-
<b>Deferred tax assets</b>	<b>196.98</b>	<b>13.93</b>

#### A7 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2024 (₹ in Lakhs)			31.03.2023 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset							
Trade receivables	3			3.20	-	-	110.54
Cash and cash equivalents	1			1,139.11	-	-	168.00
Other Bank Balances	2			510.00			350.00
Investments	4			29,569.00			30,390.00
<b>Total Financial Asset</b>				<b>1,652.31</b>	-	-	<b>628.54</b>
Financial liability							
Loans from Financial institutions	8			-	-	-	-
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-	-	-	-

Other Financial Liabilities	10	5.60	-	-	5.60
<b>Total Financial Liabilities</b>		<b>5.60</b>	-	-	<b>5.60</b>

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

The major components of income tax expense for years ended 31 March 2024 and 31 March 2023 are :

Particulars	As at 31 March, 2024 (₹ in Lakhs)	As at 31 March, 2023 (₹ in Lakhs)
<b>Current income Tax :</b>		
Current income tax charge	454.40	34.54
Adjustments of current tax of previous year		
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	-183.05	0.64
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
<b>Income tax reported in the statement of profit and loss</b>	<b>271.35</b>	<b>35.18</b>
<b>Current Tax and Deferred Tax - Equity</b> (Mention details of items directly charged to equity)	440.70	-

#### A9 Events occurring after the reporting period

The financial statements were approved by the Board of Directors on 05.07.2024 and there are no significant events occurring after Balance sheet date.

#### A10 Investor Education and Protection Fund

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

#### A11 Write off of other receivables.

The following long pending receivables have been written off during the current year against the provision made in the earlier years against the Provision for loans and Advance to employees and Other Provision.

1. Insurance claim receivable	Rs.59,85,605/-
2. TDS advance receivable	Rs.1,46,299/-
3. Operational loss suspense	Rs.23,69,304/-
4. Staff loan/ Advance	Rs.27,92,155/-

#### A13 Provision

New provision has been created for an amount of Rs.8,20,00,000 in respect of Contingencies-Service Tax-Liability.

#### A14 Offer of Sale during IPO

During the year the company took part in the IPO of its Associate Company and sold shares of its Associate company via offer of Shares in the IPO held in the month of November 2023 through book building method. The IPO Details are available in RHP. The company sold 82,10,000 via offer for the sales for Rs. 60/- per share amounting to Rs.49,26,00,000/- and received an amount of Rs.45,74,61,225/- after the deduction of Expenses incurred on the sale of shares.

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**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 22 DISCLOSURES UNDER ACCOUNTING STANDARDS**

22.1 Employee Benefit Plans

a) Defined contribution Plans:-

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.62,262/- (Year ended 31 March, 2023 Rs.52,020 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2023 Rs.NIL/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

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

Components of employer's expense

Particulars	Year ended 31 March, 2024 (₹ in Lakhs)	Year ended 31 March, 2023 (₹ in Lakhs)
Current Service Cost	46	35
Interest cost	215	167
Expected return on plan assets	(862)	(614)
Actuarial Loss/ (Gain)	18	(416)
Past Service Cost	569	(385)
<b>Employer expense / (Income)</b>	<b>(14)</b>	<b>(1,213)</b>

Actual contribution and benefit Payments for the year

Actual benefit payments	-	-
Actual contributions	-	-

Net (asset) / liability recognised in the Balance Sheet

Present value of defined benefit obligation	3,261	3,033
Fair Value of plan assets	12,951	12,140
Funded status [ (Surplus) / Deficit]	(9,690)	(9,107)
Amount not recognized as asset [ Effect of limiting net assets to assets ceiling]	(5,911)	(5,342)
<b>Net liability/ (asset) recognised in the Balance Sheet</b>	<b>(3,779)</b>	<b>(3,765)</b>

Change in defined benefit obligations (DBO) during the year

Present Value of DBO at beginning of the year	3033	3095
Current Service Cost	46	35
Interest Cost	215	167
Benefits Paid	-	-

Actuarial Loss/ (Gain)	(33)	(264)
Past Service Cost	-	-
<b>Present Value of DBO at end of the year</b>	<b>3261</b>	<b>3033</b>

#### Note 22 Disclosures under Accounting Standards

Particulars	Year ended 31 March, 2024 (₹ in Lakhs)	Year ended 31 March, 2023 (₹ in Lakhs)
Fair Value of plan assets at beginning of the year	12140	11374
Contributions by employer	-	-
Benefits paid	-	-
Expected return on plan assets	862	614
Actuarial Gain/ (Loss)	(51)	152
Transfer in/ (out) *	-	-
<b>Fair Value of plan assets at end of the year</b>	<b>12951</b>	<b>12140</b>
Actual return on plan assets	811	766
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)	98%	97%
Insurer managed funds* (Unit -Linked)	2%	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%	7.1%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	7.10%	5.4%
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	23-24	2022-23	2021-22	2020-21	2019-20
Present value of DBO	3261	3,033	3,095	3,241	3,414
Fair value of plan assets	12951	12,140	11,374	10,625	10,411
Funded status [Surplus/ (Deficit) ]	9690	9,107	8,279	7,384	6,997
Experience adjustment on plan liabilities: (Gain) /Loss	(42)	(153)	(280)	(95)	(70)
Experience adjustment on plan assets: Gain/ (Loss)	155	198	193	(54)	41

## Actuarial Assumptions - Long Term Compensated absences

Particulars	Year ended 31 March, 2024 (₹ in Lakhs)	Year ended 31 March, 2023 (₹ in Lakhs)
Discount rate	7%	7.10%
Expected return on plan assets	7.10%	5.40%
Salary escalation rate	10%	10%
Mortality rate	IALM 2012-14 (Ult.)	IALM 2012-14 (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 2024 and 31 March 31 2023. 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'.



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**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

**NOTE 23 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

23.1 Payment to Auditors comprise of

Particulars	For the year ended 31 March 2024 (₹ in Lakhs)	For the year ended 31 March 2023 (₹ in Lakhs)
Statutory audit fee	5.00	5.00
Other certification fee	-	-
Out of pocket expenses	0.44	0.74
<b>TOTAL</b>	<b>5.44</b>	<b>5.74</b>

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	74.94
	(b) The company had received a combined order relating to the period 2008-09 to 2011-12 from the Service Tax Authorities during the year. The order pertains to applicability of service tax on various items like income from services towards collection of loan assigned, group mentoring and monitoring charges and microfinance administration revenue (excluding additional penalty and interest , if any) . The company had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appalete Tribunal (CESTAT)	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
	(d)The company had received a order relating to the period 2016-17 from the Service Tax Authorities during the year. The order pertains to applicability of service tax on various items like income from services towards collection of loan assigned, group mentoring and monitoring charges and microfinance administration revenue (excluding additional penalty and interest , if any). The company had filed appeal and stay petition against the demand order with The Customs, Excise and Service Tax Appalete Tribunal (CESTAT).	548.33	-

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,

Particulars	For the year ended 31 March 2024 (₹ in Lakhs)	For the year ended 31 March 2023 (₹ 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 2024 (₹ 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 2024 (₹ 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 2023-24 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 2023-23 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	-	-	-

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**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

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 (%)	94.08%	98.28%
(ii) CRAR - Tier I capital (%)	94.08%	98.28%
(iii) CRAR - Tier II Capital (%)	0	0%
(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	295.69	303.90
(b) Outside India		
(ii) Provision for diminution		
(a) In India		
(b) Outside India		
(iii) Net value of investments		
(a) In India	295.69	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 2024 and 31 March 2023. The Company has no unhedged foreign currency exposure as on 31 March 2024 and 31 March 2023.

**Note 2**

**Disclosures in accordance with RBI Guidelines**

**24.4 Disclosure relating to securitisations**

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

**24.5 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction**

The company has not sold financial assets to securitisation/reconstruction companies for asset reconstruction in the current and previous year.

**24.6 Details of Assignment transactions undertaken**

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

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

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

## 24.8 Asset liability management

A. Maturity pattern of certain items of assets and liabilities as on 31st March 2024

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	-	-	295.69	-	-
<b>Total</b>	-	-	<b>295.69</b>	-	-

\* net of provision for diminution in value of Investments

B. Maturity pattern of certain items of assets and liabilities as on 31st March 2023

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	-	-
<b>Total</b>	-	-	<b>303.90</b>	-	-

\* net of provision for diminution in value of Investments

## 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 2024 and 31 March 2023

(ii) Exposure to Capital Market

Particulars	As at 31 March 2024	As at 31 March 2023
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,477.21	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-

(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-
(vii)	Bridge loans to companies against expected equity flows / issues	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	-
<b>Total Exposure to Capital Market</b>		<b>1,477.21</b>

The Company has its capital market exposure due to its subsidiary getting listed at exchange. Apart from the investment in the subsidiary, the company has no other capital exposure. The value mentioned is at the market value.

#### **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, 2024 and 31 March, 2023, 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 2024 & 31st March 2023.

#### **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 ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

#### 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-24	31-Mar-23
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, 2024		(₹ 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		-	295.69
<b>Total</b>	<b>0.00</b>	<b>-</b>	<b>295.69</b>

As at March 31, 2023		(₹ 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
<b>Total</b>	<b>0.00</b>	<b>-</b>	<b>303.90</b>

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

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

As at March 31, 2024		(₹ 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, 2023		(₹ 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, 2024 (₹ in Crore)	As at March 31, 2023 (₹ 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, 2024 (₹ in Crore)	As at March 31, 2023 (₹ 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, 2024 (₹ in Crore)	As at March 31, 2023 (₹ 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)	-	-
	<b>Long Term Investments:</b>		
	1. Quoted :		
	(i) Shares (a) Equity	1,477.21	-
	(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
	(b) Preference	-	-
	(ii) Debentures and Bonds	20.00	20.00
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (Please specify)	-	-

\* The market value of the in subsidiary is derived as on 31st March 2024 by taking the price of 28th March 2024

quoted at exchange of Rs. 54.20 per share and debt at amortised cost.

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

As at March 31, 2024				(₹ 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, 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	-	-	-	

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

As at March 31, 2024		
Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties [Refer Note 2 below]		
(a) Subsidiaries	1497.21	295.69
(b) Companies in the same group	-	-
(c) other related parties	-	-
2. Other than related parties	-	-
Total	1497.21	295.69

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	303.90	303.90
(b) Companies in the same group	-	0
(c) other related parties	-	0
2. Other than related parties	-	0
Total	303.90	303.90

\* The market value of the in subsidiary is derived as on 31st March 2024 by taking the price of 28th March 2024 quoted at exchange of Rs. 54.20 per share and debt at amortised cost.

## 7 Other Information

Particulars	As at March 31, 2024 (₹ in Crore)	As at March 31, 2023 (₹ 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:

1. As defined in Core Investments Companies (Reserve Bank) Directions, 2016

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

25 Previous year's figures

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

### Notes referred to above form an integral part of Balance sheet

As per our report of even date attached. For and on Behalf of the Board

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

Chartered Accountants  
ICAI Firm Reg.No. 007220 S

#### **Mereena Paul**

Chairperson & Managing Director  
DIN:02228087

#### **Abraham Thariyan**

Director  
DIN:07132831

#### **K.V.Sivakumar**

Partner  
M.No.: M.No. 027437

#### **P V Antony**

Chief Financial Officer

#### **Minu Santhosh**

Company Secretary

Place: Thrissur

Date: 05/07/2024

UDIN: 23218962BGWEWC1563

## CALCULATION OF CAPITAL ADEQUACY RATIO AS ON 31ST MARCH 2024

Particulars	Sub totals	Totals (₹ in Lakhs)	Totals (₹ in Lakhs)
<b>Tier I Capital</b>			
<b>Add:</b>			
1.Paid up equity capital	14,983.31		
2.Convertible preference shares	1,804.85		
3.Free reserves	8,673.52		
4.Share premium (balance in the account)	6,363.89		
5.Capital reserve (rep.sur+ of sale proceeds of asset)	-		
<b>Less:</b>			
1.Accumulated loss in balance sheet	-		
2.Book value of intangible assets	-		
3. Deferred Tax	196.98		
<b>Net owned fund</b>		<b>31,628.59</b>	
<b>Less:</b>			
1. Shares in other NBFCs	-		
2. Shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding 10% of owned fund.	29,569.00		
<b>Tier I Capital</b>		<b>2,059.59</b>	
<b>Contingent Liability</b>			
<b>Less: 50% of Securitisation Collaterals</b>	-	-	<b>2,059.59</b>
<b>Net Tier - I Capital</b>		<b>2,059.59</b>	
<b>Tier II Capital</b>			
<b>Add:</b>			
1. Non convertible preference shares	-		
2. revaluation reserve at discounted rate of 55%	-		
3. General provisions and loss reserves to the extent of (1&1/4) % of risk weighted assets.	-		
1.25 % of Risk Weighted Assets	-		
4. Hybrid debt and capital instruments	-		
5. Subordinated debt	-		
To the extent the discounting value does not exceeding 50% of Tier-I Capital			
<b>Limited to the extent of Tier I and II for the pupose of capital adequacy (the total tier II capital at any point of time shll not exceed 100% of tier I)</b>			

<b>Tier II Capital</b>	-		
Less: 50% of Securitisation Collaterals	-		
<b>Net Tier - II Capital</b>		-	
<b>Total of Tier I &amp; Tier II Capital</b>		<b>2,059.59</b>	
<b>Asset particulars</b>			
	<b>Amount</b>		
Cash and Bank balances including fixed deposits and certificates of deposits with bank	1,649.11	0%	-
Investments	-	100%	-
Investment in Subsidiary in equivalent of 10% of owned funds	-	100%	-
Loans and advances		100%	-
Fixed assets net of depreciation	1,585.97	100%	1,585.97
<b>Other assets</b>			
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	147.73	100%	147.73
<b>Total risk weighted assets</b>	<b>3,382.81</b>		<b>1,733.70</b>
Off Balance Items			
Income Tax Disputes	74.94	50%	37.47
Service Tax Disputes	819.73	50%	409.87
ESI Dispute	16.49	50%	8.24
Corporate Guarantee	-	100%	-
Capital Commitments	-	100%	-
<b>Total risk weighted assets</b>			<b>2,189.28</b>
<b>CRAR</b>			<b>94.08%</b>



## CONSOLIDATED FINANCIALS

### INDEPENDENT AUDITOR'S REPORT

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

#### **REPORT ON THE AUDIT OF THE 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, 2024, the Consolidated Statement of Profit and Loss, including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated statement of Changes in Equity, if any for the year 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, 2024, 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, 2024. 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 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 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 STANDALONE 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 Rs. 13,846.85 lakhs

and share of Other Comprehensive Income of Rs. 4,549.87 lakhs (Loss) for the year ended March 31, 2024, which have been reviewed by us in accordance with Standard 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, are 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, 2024 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, 2024 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, 2024 since it is a private limited company.

(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, 2024.

iv. During the Financial Year 2023-24, the company has declared dividend amount of Rs. 18,04,850 pertaining to Financial Year 2023-24 and has paid dividend of amount Rs. 18,04,850 pertaining to Financial Year 2022-23 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.

(d) As per the proviso of Rule 3(1) of the Companies (Accounts) Rules, 2014 Audit trail is applicable for the company and the existing feature needs to be strengthened to comply with the stated guidelines.

Place: Thrissur  
Date: 05-07-2024

For A. John Moris & Co.,  
Chartered Accountants  
Firm Registration No: 007220 S  
CA KV SIVAKUMAR  
(Partner)  
UDIN: 24027437BKAIXM1615  
M. No.: 027437

## 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, 2024, 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 as per SA 600, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Consolidated Financial Statements..

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

### **WITH REFERENCE TO THESE CONSOLIDATED FINANCIAL STATEMENTS**

A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

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

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

### **OPINION**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the



Company, and its Associate, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls

Place: Thrissur  
Date: 05-07-2024

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 KV SIVAKUMAR  
(Partner)  
UDIN: 24027437BKAIXM1615  
M. No.: 027437



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

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024**

Particulars	Notes	As at 31st March 2024 Amounts (₹ in Lakhs)	As at 31st March 2023 Amounts (₹ in Lakhs)
<b>ASSETS</b>			
<b>Financial Assets</b>			
(a) Cash and Cash Equivalents	1	1,139.11	168.00
(b) Bank Balances other than (a) above	2	510.00	350.00
(c) Other Receivables	3	3.20	110.54
(d) Investments	4	58,028.53	51,876.40
		<b>59,680.84</b>	<b>52,504.94</b>
<b>Non Financial Assets</b>			
(a) Deferred Tax Assets (Net)		196.98	13.93
(b) Property, Plant and Equipment	6	1,585.97	1,590.70
(c) Income tax Assets (net)	11	-	2.55
(d) Other non-financial assets	5	166.71	149.93
		1,949.66	1,757.10
<b>Total Assets</b>		<b>61,630.50</b>	<b>54,262.04</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>1) Financial liabilities</b>			
(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	5.60
<b>2) Non Financial Liabilities</b>			
(a) Income tax liabilities (net)	11	420.15	-
(b) Deferred tax liabilities (net)			
(c) Provisions	12	849.50	142.43
(d) Other Non- Financial Liabilities	13	70.15	83.29
<b>3) Equity</b>			
(a) Equity Share capital	14	16,788.16	17,180.96
(b) Other Equity	15	43,496.94	36,849.76
<b>Total Liabilities and Equity</b>		<b>61,630.50</b>	<b>54,262.04</b>

**Notes referred to above form an integral part of Balance sheet**

As per our report of even date attached.

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

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

**Abraham Thariyan**  
Director  
DIN:07132831

**CA K.V.Sivakumar**  
Partner  
M.No.: M.No.027473  
UDIN: 23218962BGWEWC1563  
Place: Thrissur  
Date: 05/07/2024

**P V Antony**  
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, 2024

Particulars	Notes	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
Revenue from operations	16	3,978.61	225.62
Other Income	17	86.40	92.42
<b>TOTAL INCOME</b>		<b>4,065.01</b>	<b>318.04</b>
<b>Expenses:</b>			
(i) Finance costs	18	1.25	1.57
(ii) Employee Benefit Expense	19	157.25	142.47
(iii) Depreciation and Amortisation	6	5.18	7.25
(iv) Other expenses	20	865.43	28.89
<b>TOTAL EXPENSE</b>		<b>1,029.11</b>	<b>180.18</b>
<b>Profit before Share of profit/ (loss) of Associate Company, exceptional items and tax</b>		<b>3,035.90</b>	<b>137.86</b>
Share of Profit/ (Loss) of Associate Company		11,522.99	11,363.78
<b>Exceptional items</b>			
Profit before prior period, exceptional items and tax		14,558.89	11,501.64
Prior period item		-	-
Profit before tax		14,558.89	11,501.64
Tax expense			
<b>Current tax</b>		454.40	34.54
<b>Deferred Tax Expenses</b>		-183.05	0.64
		<b>271.35</b>	<b>35.18</b>
Profit or loss for the period from continuing operations		<b>14,287.55</b>	<b>11,466.46</b>
<b>PROFIT OR LOSS FOR THE PERIOD</b>		<b>14,287.55</b>	<b>11,466.46</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
(A) (i) Items that will not be reclassified to profit or loss			
Share of OCI from Associate Company		-8,315.25	
(ii) Income for relating to items that will not be reclassified to profit and loss		-46.20	58.06
<b>SUBTOTAL (A)</b>		<b>-8,361.45</b>	<b>58.06</b>
(B) (i) Items that will be reclassified to profit or loss			
Share of OCI from Associate Company		3,811.58	-3,655.67
(ii) Income tax relating to items that will be reclassified to profit or loss			
<b>SUBTOTAL (B)</b>		<b>3,811.58</b>	<b>-3,655.67</b>
<b>Other Comprehensive Income</b>		<b>-4,549.87</b>	<b>-3,597.62</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>9,737.68</b>	<b>7,868.84</b>
<b>Earnings per equity share</b>			
Basic		-	-
Diluted		-	-
<b>Significant accounting policies</b>			
<b>Other notes on accounts</b>			

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

As per our report of even date attached. For and on Behalf of the Board

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

Partner  
M.No.027473

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

**P V Antony**  
Chief Financial Officer

**Abraham Thariyan**  
Director  
DIN:07132831

**Minu Santhosh**  
Company Secretary

Place: Thrissur

Date: 05/07/2024

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, 2024

Note	Particulars	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
<b>A.</b>	<b>Cash flow from operating activities</b>		
	<b>Net profit after tax</b>	<b>14,287.55</b>	<b>11,466.46</b>
	Adjustments for:		
	Depreciation and amortisation	5.18	7.25
	Finance Costs	1.25	1.57
	Interest Income	(76.53)	(22.64)
	Provisions/Liabilities no longer required written back	-	(0.41)
	Profit on Sale of Fixed Assets	-	(4.62)
	Provision for Income tax	454.40	35.18
	Share of Profit of associate	(11,522.99)	(11,363.78)
	<b>Operating profit before working capital changes</b>	<b>3,148.85</b>	<b>119.02</b>
	Adjustments for (increase) / decrease in operating assets:		
	Other Receivable	107.35	(0.72)
	Other Non Financial Assets	(197.29)	10.80
		-	-
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade payables	-	-
	Other Financial Liabilities	(33.69)	(12.60)
	Provisions	<b>707.07</b>	
	<b>Cash generated from/ (used in) operations</b>	<b>3,732.29</b>	<b>116.50</b>
	Direct taxes paid	(454.40)	(35.18)
	<b>Net cash from operating activities</b>	<b>3,277.89</b>	<b>81.32</b>
<b>B.</b>	<b>Cash flow from investing activities</b>		
	Purchase of fixed assets	(0.45)	-
	Sale of fixed assets	-	5.03
	Bank balances not considered as Cash and cash equivalents (Net)	(160.00)	-
	(Purchase)/sale of investments	821.00	-
	Interest received	76.53	22.64
	Gain on sale of Investment	-	-
	<b>Net cash used in/ (generated from) investing activities</b>	<b>737.08</b>	<b>27.67</b>
<b>C.</b>	<b>Cash flow from financing activities</b>		
	Proceeds from/ (repayment) of borrowings	-	-
	Interest paid	(1.25)	(1.57)
	Dividend Paid	(18.05)	(18.05)
	buyback of equity shares	(392.80)	-
	Premium paid on share buyback	(2,631.76)	-
	<b>Net cash from financing activities</b>	<b>(3,043.86)</b>	<b>(19.62)</b>
	Net increase in cash and cash equivalents	971.11	89.37
	<b>Opening Cash and cash equivalents</b>	<b>168.00</b>	<b>78.62</b>
	<b>Closing Cash and cash equivalents</b>	<b>1,139.11</b>	<b>168.00</b>

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

As per our report of even date attached. For and on Behalf of the Board

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

Chartered Accountants  
ICAI Firm Reg.No. 007220 S

**CA K.V.Sivakumar**

Partner  
M.No.027473  
Place: Thrissur  
Date: 05/07/2024

**Mereena Paul**

Chairperson & Managing Director  
DIN:02228087

**P V Antony**

Chief Financial Officer

**Abraham Thariyan**

Director  
DIN:07132831

**Minu Santhosh**

Company Secretary

UDIN: 23218962BGWEWC1563



**ESAF FINANCIAL HOLDINGS PRIVATE LIMITED**  
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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024**

**(A) EQUITY SHARE CAPITAL**

Particulars	No. of Shares	Amounts (₹ in Lakhs)
<b>Opening balance as on April 1, 2023</b>	<b>15,55,65,946</b>	<b>17,180.96</b>
Shares issued during the year		
Conversion of CCPS into Equity Shares		
Share buyback during the year	(39,28,000)	(392.80)
Balance as on March 31, 2024	15,16,37,946	16,788
Changes in Accounting policies or prior period errors	-	-
Restated Balance as on April 1, 2024	15,16,37,946	16,788.16
Shares issued during the year	-	-
Balance as on March 31, 2024	15,16,37,946	16,788.16

**(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
Balance at the beginning of the reporting period			7,533	-	6,364		22,953
Changes in accounting policy/prior period errors							
Restated balance at the beginning of the reporting period			7,533	-	6,364	-	22,953
Total Comprehensive Income for the year							(4,550)
Dividends							(18)
Buy back premium						(2,632)	
Transfer to retained earnings							14,288
Any other change (to be specified)							
Transferred to Other Reserve			2,858				(2,858)
Transferred to CRR				393			(393)
Transferred to Buyback premium						2,632	(2,632)
Buyback Tax							(441)
Balance at the end of the reporting period			10,390	393	6,364	-	26,350

**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  
**CA K.V.Sivakumar**  
Partner  
M.No.: 027473  
Place: Thrissur  
Date: 05/07/2024

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

**Abraham Thariyan**  
Director  
DIN:07132831

**P V Antony**  
Chief Financial Officer

**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, 2024**

Note	Particulars	As at 31st March 2024 (₹ in Lakhs)	As at 31st March 2023 (₹ in Lakhs)
<b>1</b>	<b>Cash &amp; Cash Equivalent</b>		
	Cash on hand	0.03	0.03
	Balances with Bank		
	- In current accounts		
	Domestic	1,139.08	167.97
	<b>Total</b>	<b>1,139.11</b>	<b>168.00</b>
<b>2</b>	<b>Other bank balance</b>		
	Other Bank Balance		
	- in deposit accounts	510.00	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		
	<b>Total</b>	<b>510.00</b>	<b>350.00</b>
<b>3</b>	<b>Other receivables</b>		
	Unsecured, considered good		
	(a) Loans and advances to employees		
	Related parties	2.65	1.14
	Others	-	27.92
	(b) Loans and advances to related parties	-	-
	(c) Other receivables	0.55	81.48
	<b>Total</b>	<b>3.20</b>	<b>110.54</b>
<b>4</b>	<b>Investments</b>		
	Investments in Associate :-		
	27,25,48,396 Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited.	56,028.53	49,876.40
	(28,07,58,396 Equity Shares of ₹ 10/- each fully paid-up in M/s ESAF Small finance Bank Limited)		
	Bonds and Debentures in M/s ESAF Small finance Bank Limited.	2,000.00	2,000.00
	<b>Total</b>	<b>58,028.53</b>	<b>51,876.40</b>
	<b>The Market value of Investment is Rs.14772.12 lakhs</b>		
<b>5</b>	<b>Other Non Financial Assets</b>		
	(a) Prepaid expenses	0.57	0.46
	(b) Balances with Government authorities	22.18	20.97
	(c) Compensated Leave Salary Assets	8.96	50.06
	(d) Deposits	127.82	68.99
	(e) Insurance claims receivable	-	4.09
	(f) Other Current Assets	7.18	5.36
	<b>Total</b>	<b>166.71</b>	<b>149.93</b>

The Investment are shown at cost.

The Market value of Investment is Rs.14772.12 lakhs

## 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, 2024

#### NOTE 6: PROPERTY PLANT AND EQUIPMENT

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	Balance as at 1 April, 2023	Additions	Disposals	Balance as at 31 March, 2024	Rate %	Balance as at 1 April, 2023	Depreciation for the year	Deletions	Balance as at 31 March, 2024	Balance as at 31 March, 2024	Balance as at 31 March, 2023
<b>A. Tangible Assets</b>											
Land	1,464.42 (1,464.42)			1,464.42 (1,464.42)		-	-	-	-	1,464.42 (1,464.42)	1,464.42 (1,464.42)
Buildings	136.44 (136.44)			136.44 (136.44)		26.95 (24.86)	2.10 (2.10)	-	29.05 (26.95)	107.39 (109.48)	109.48 (111.58)
Leasehold Buildings	37.65 (37.65)			37.65 (37.65)		27.40 (22.73)	2.51 (4.67)		29.90 (27.40)	7.74 (10.25)	10.25 (14.92)
Furniture and Fittings	0.63 (0.63)			0.63 (0.63)		0.32 (0.27)	0.06 (0.06)		0.38 (0.32)	0.24 (0.30)	0.30 (0.36)
Vehicles	47.78 (55.95)			47.78 (47.78)		41.79 (49.56)	-	(7.76)	41.79 (41.79)	5.99 (5.99)	5.99 (6.39)
Computer and Accessories	5.37 (5.37)	0.45		5.82 (5.37)		5.11 (4.68)	0.52 (0.43)		5.63 (5.11)	0.19 (0.26)	0.26 (0.69)
<b>Total</b>	<b>1,692.28</b> <b>(1,700.45)</b>	<b>0.45</b>	<b>8.17</b>	<b>1,692.73</b> <b>(1,692.28)</b>	<b>-</b>	<b>101.58</b> <b>(102.09)</b>	<b>5.18</b> <b>(7.25)</b>	<b>(8.00)</b>	<b>106.76</b> <b>(101.58)</b>	<b>1,585.97</b> <b>(1,590.70)</b>	<b>1,591.00</b> <b>(1,598.00)</b>

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)

**DEPRECIATION AS PER IT ACT**

Description	Rate	Opening WDV	ADDITIONS		Amount (₹ in Lakhs)	
			>180 days	< 180 days	Depreciation	Closing WDV
Building	10%	<b>44.50</b>			4.45	40.05
Plant and Machinery	15%	0.08			0.01	0.06
Plant and Machinery	10%	0.32			0.03	0.29
Plant and Machinery	40%	0.58	0.45		0.41	0.62
Leasehold building	33%	10.00			3.30	6.70
<b>Total</b>		<b>55.48</b>	<b>0.45</b>	-	<b>8.20</b>	<b>47.72</b>
		<b>65.78</b>	-	-	10.31	<b>55.48</b>



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

**NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024**

Note	Particulars	As at 31st March 2024 (₹ in Lakhs)	As at 31st March 2023 (₹ in Lakhs)
7	<b>Trade Payable</b>		
	(A) Total outstanding dues of Micro Enterprises and Small Enterprises		
	(B) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		
	<b>Total</b>	-	-
8	<b>Borrowings</b>		
	Secured Loans		
	Vehicle loans from banks		
	Term Loan from Banks		
	<b>Total</b>	-	-
9	<b>Subordinated Liabilities</b>		
	Non Convertible Debentures		
	<b>Total</b>	-	-
10	<b>Other Financial Liabilities</b>		
	(a) Current maturities of Non Convertible Debentures		
	(b) Current maturities of vehicle loan		
	(c) Interest accrued but not due on borrowings		
	(d) Matured Non Convertible Debentures and Interest accrued thereon	5.05	5.05
	(e) Others	0.55	0.55
	<b>Total</b>	<b>5.60</b>	<b>5.60</b>
11	<b>Income Tax Liabilities/ (Assets)</b>		
	Current Tax liabilities/ (Assets)	420.15	-2.55
	<b>Total</b>	<b>420.15</b>	<b>-2.55</b>
12	<b>Provisions</b>		
	(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
	(iv) Other provisions	-	90.37
	(v) Provision For Contingencies-Service Tax- Liability	820.00	-
	(vi) Provision For Esi Predeposit	5.36	-
	<b>Total</b>	<b>849.50</b>	<b>142.43</b>
13	<b>Other Non- Financial Liabilities</b>		
	(a) Other payables		
	(i) Statutory remittances	19.24	12.63
	(ii) Payable to ESAF Employees Gratuity Trust	3.09	3.27
	(iii) Lease Liability	9.18	11.38
	(iv) Other liabilities	38.63	56.01
	<b>Total</b>	<b>70.15</b>	<b>83.29</b>



## ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

### NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

#### 14 EQUITY SHARE CAPITAL

I)	Particulars	As at Mar 31, 2024		As at Mar 31, 2023	
		No. of shares	Amount (₹ in Lakhs)	No. of shares	Amount (in Lakhs)
	<b>Authorised :</b>				
	Authorised :				
	Equity shares of ₹10/- each with voting rights	19,00,00,000	19,000	19,00,00,000	19,000.00
	Preference shares of ₹100/- each	60,00,000	6,000	60,00,000	6,000.00
	<b>Issued, paid up and subscribed</b>				
	Equity shares of ₹10/- each with voting rights	14,98,33,096	14,983	15,37,61,096	15,376
	Compulsorily Convertible Preference shares (CCPS) of ₹100/- each	18,04,850	1,805	18,04,850	1,805
		<b>15,16,37,946</b>	<b>16,788</b>	<b>15,55,65,946</b>	<b>17,181</b>

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

At the beginning of the year	15,55,65,946	17,181	15,55,65,946	17,181
Issued during the year as fully paid up on conversion	-	-	-	-
Conversion of CCPS into Equity Shares	-	-	-	-
Buy back of shares	39,28,000	393	-	-
<b>At the end of the year</b>	<b>15,16,37,946</b>	<b>16,788</b>	<b>15,55,65,946</b>	<b>17,181</b>

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

##### A. Equity Shares with voting rights

The Company has only one class of Equity Shares having a par value of ₹10/- per share. Each holder of the Equity Shares is entitled to one vote per share. During the year ended 31 March 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.

The Company has done the buyback of 39,28,000 shares for Rs.77/- per share amounting to Rs.30,24,56,000/- including a premium of Rs.67/-.

##### B. CCPS

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

(ii) The company vide in its board resolution dated 29.3.2021 has changed the terms of balance 18,04,850 CCPS of ₹100/- each attracting 1% dividend this will be compulsory convertible into equity share @ ₹ 15 per share on or before 10 years from closing date i.e. 31 March, 2014.

(iii) The company vide in its board resolution dated 14/02/2024 has further extended the period of conversion of CCPS upto 31/03/2029.

#### 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	65.15%	9,76,16,607	63.49%
Dia Vikas Capital Private Limited	3,07,30,000.00	20.51%	3,07,30,000.00	19.99%
SIDBI Trustee Company Ltd	1,33,03,765.00	8.88%	1,71,76,230.00	11.17%
	<b>14,16,50,372</b>	<b>94.54%</b>	<b>14,55,22,837</b>	<b>94.64%</b>

**Note: \*As on 8th may 2024 the equity shareholding of Dia Vikas Capital Private Limited has been brought down to 19.99% in compliance with RBI directions**

**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%
<b>TOTAL</b>	<b>18,04,850</b>	<b>100.00%</b>	<b>18,04,850</b>	<b>100.00%</b>

**15 OTHER EQUITY**

Particulars	As at Mar 31, 2024 Amount (₹ in Lakhs)	As at Mar 31, 2023 Amount (₹ in Lakhs)	As at Mar 31, 2022 Amount (₹ in Lakhs)	As at Mar 31, 2021 Amount (₹ in Lakhs)
Other Reserves				
General reserve				
As per last balance sheet	7,532.52	5,239.23	5,239.23	4,362.66
Add : transferred from statement of profit and loss	2,857.51	2,293.29	-	876.57
	<b>10,390.03</b>	<b>7,532.52</b>	<b>5,239.23</b>	<b>5,239.23</b>
<b>Security premium reserve</b>				
Opening balance	6,363.89	6,363.89	6,363.89	5,692.83
Addition during the year		-	-	671.06
	<b>6,363.89</b>	<b>6,363.89</b>	<b>6,363.89</b>	<b>6,363.89</b>
<b>Capital redemption reserve</b>				
Opening balance	-	-	-	-
Addition during the year	392.80	-	-	-
	<b>392.80</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Retained Earnings</b>				
Profit and loss account				
Opening balance	29,654.05	20,498.93	21,402.10	18,203.17
Add: Profit for the year	14,287.55	11,466.46	-885.12	4,382.84
Less: Transferred to Other Reserve	-2,857.51	-2,293.29	-	-876.57
Less: Transferred to CRR	-392.80	-	-	-
Less: Transferred to Buyback premium	-2,631.76	-	-	-
Less: Buyback Tax	-440.70	-	-	-
	<b>37,618.83</b>	<b>29,672.10</b>	<b>20,516.98</b>	<b>21,709.44</b>

Less: Appropriation				
(a) General Reserve				
(b) Preference Dividend	18.05	18.05	18.05	307.34
(c) Tax on dividend		-	-	
	<b>18.05</b>	<b>18.05</b>	<b>18.05</b>	<b>307.34</b>
Other Comprehensive Income				
As per Last Balance sheet date	-6,700.70	-3,103.08	3,937.09	5,572.50
Add/ (Less) : Movement in OCI (net) during the year	-4,549.87	-3,597.62	-7,040.17	-1,635.41
	<b>-11,250.57</b>	<b>-6,700.70</b>	<b>-3,103.08</b>	<b>3,937.09</b>
Balance to be carried forward	<b>43,496.94</b>	<b>36,849.76</b>	<b>28,998.97</b>	<b>36,942.31</b>

#### Note 15.1 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of ₹ 28,57,50,993 /-(Previous year ₹22,93,29,144/-), 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, 2024**

**16 REVENUE FROM OPERATIONS**

Particulars	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
Profit on Sale of Investments	3,753.61	-
Interest Income from Debentures	225.00	225.62
	<b>3,978.61</b>	<b>225.62</b>

**17 OTHER INCOME**

Interest income on Fixed Deposits	76.53	22.64
Rent received	6.71	5.53
Other Income	3.16	-
Profit on Sale of Fixed Assets	-	4.62
Provisions/Liabilities no longer required written back	-	0.41
Interest income on employee investment	-	3.24
Income from Carbon Credit	-	52.64
Recovery of interest	-	3.35
	<b>86.40</b>	<b>92.42</b>

**18 FINANCE COST**

(a) Interest expense on:		
(i) Interest on Lease payment	1.25	1.57
Total	<b>1.25</b>	<b>1.57</b>

**19 EMPLOYEE BENEFIT EXPENSE**

Salaries, Wages and Bonus	154.54	138.96
Contributions to provident and other funds	0.68	0.53
Staff welfare expenses	2.03	2.98
	<b>157.25</b>	<b>142.47</b>

**20 OTHER EXPENSES**

Electricity and Water Charges	0.14	0.87
Insurance	1.48	2.04
Vehicle Maintenance	4.05	5.36
Office Maintenance & Meeting expenses	0.08	0.06
Bank Charges	0.01	0.26
Rates and Taxes	6.24	1.60
Telephone and Internet expenses	0.02	0.01
Travelling and conveyance	5.51	0.50
Printing and stationery	0.98	0.82
Legal and professional	10.68	5.02
Payments to auditors	5.44	5.74
Directors Sitting Fee	6.40	5.20
Repairs and Maintenance	2.72	-
Provision for service tax	820.00	-
Other Expenses	1.70	1.39
	<b>865.43</b>	<b>28.89</b>

# ESAF FINANCIAL HOLDINGS PRIVATE LIMITED

(Formerly known as ESAF Microfinance and Investments Private Limited)

## NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

### 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.

SI 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.

SI 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 ESAF Foundation SIDBI Trustee Company Ltd. - A/C Samridhi Fund
Key Management Personnel (KMP)	
Managing Director	Mrs. Mereena Paul
Chief Financial Officer (upto 30.11.2023)	Mr.Krishnasadan Krishnakumar
Chief Financial Officer (from 01.12.2023)	Mr.P V Antony
Company Secretary	Mrs.Minu Santhosh
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	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
1	Remuneration to KMP	Mrs. Mereena Paul	109.02	103.07
2	Remuneration to KMP	Mr.Krishnasadan Krishnakumar	18.32	21.80
3	Remuneration to KMP	Mr.P V Antony	7.93	-
4	Remuneration to KMP	Mrs.Minu Santhosh	6.35	6.36
5	Sitting fee paid	Mrs. Emy Acha Paul	1.00	1.00

6	Rent received	ESAF Swasraya Multistate Agro Co-operative Society Limited	3.43	3.27
7	Interest Income on FD	Esaf Small Finance Bank Limited	76.53	22.64
8	Interest Income on debenture bond	Esaf Small Finance Bank Limited	225.00	225.62
9	Rent paid	Mrs. Mereena Paul	3.00	3.00
10	Transactions in Current Account (net) - debit	ESAF Small Finance Bank Limited	973.44	98.51
11	Rent received	Cedar Livelihood Private Limited	1.59	0.77
12	Investments in time Deposit	ESAF Small Finance Bank Ltd	160.00	-

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

SL.No	Particulars	Related Party	Amounts due (to) /from March 31, 2024 (₹ in Lakhs)	Amounts due (to) /from March 31, 2023 (₹ in Lakhs)
2	Other Current Liabilities	Mrs. Mereena Paul	15.11	15.49
		ESAF Foundation	-	14.31
3	Rent Deposit	Mrs. Mereena Paul	0.50	0.50
4	Security Deposit	SIDBI Trustee Company Ltd. - A/C Samridhi Fund	12.50	12.50
5	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	27,569.00	28,390.00
7	Time deposit	ESAF Small Finance Bank Ltd	510.00	350.00
8	Balance with Bank Accounts	ESAF Small Finance Bank Ltd	1,120.67	182.22

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, 2024, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2023 : ₹ 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, 2024 (₹ in Lakhs)	As at 31 March, 2023 (₹ in Lakhs)
Tax effect of items constituting deferred tax Liabilities		
On difference between book balance and tax balance of fixed assets	-19.20	-18.41
Tax effect of items constituting deferred tax assets		
Provision for compensated absences	1.58	1.58
Provision for Fraud Cased and other Advances	1.39	30.76
Provision for Service Tax	213.20	
<b>Deferred tax assets</b>	<b>196.98</b>	<b>13.93</b>

## A6 DISCLOSURE PURSUANT TO IND AS 33 'EARNINGS PER SHARE

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

Particulars		2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)
<b>Earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	9,737.68	7,868.84
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	14,98,33,096	15,37,61,096
<b>Basic earnings per equity share (₹)</b>	A / B	<b>6.50</b>	<b>5.12</b>
<b>Diluted earnings per equity share:</b>			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	9,737.68	7,868.84
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	9,755.73	7,886.89
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	14,98,33,096	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	16,18,65,429	16,57,93,429
<b>Diluted earnings per equity share (₹)</b>		<b>6.03</b>	<b>4.76</b>
Diluted earnings per equity share(considering Antidilution) (')		6.03	4.76
<b>Face value per equity share (₹)</b>		<b>10.00</b>	<b>10.00</b>

## A7 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2024 (₹ in Lakhs)			31.03.2023 (₹ in Lakhs)		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset							
Trade receivables	3			3			111
Cash and cash equivalents	1			1,139			168
Other Bank Balances	2			510			350
Investments	4		56,029	2,000		49,876	2,000
<b>Total Financial Asset</b>			<b>56,029</b>	<b>3,652</b>	-	<b>49,876</b>	<b>2,629</b>
Financial liability							
Loans from Financial institutions	8			-	-	-	-
Trade Payables	7			-	-	-	-
Subordinated Debts	9			-	-	-	-
Other Financial Liabilities	10			6	-	-	6
<b>Total Financial Liabilities</b>				<b>6</b>	-	-	<b>6</b>

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

The major components of income tax expense for years ended 31 March 2024 and 31 March 2023 are :

Particulars	As at 31 March, 2024 (₹ in Lakhs)	As at 31 March, 2023 (₹ in Lakhs)
<b>Current income Tax :</b>		
Current income tax charge	454.40	34.54
Adjustments of current tax of previous year		
<b>Deferred Tax</b>		
Relating to origination and reversal of temporary differences	-183.05	0.64
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
<b>Income tax reported in the statement of profit and loss</b>	<b>271.35</b>	<b>35.18</b>
<b>Current Tax and Deferred Tax - Equity</b>	440.70	-
(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 05.07.2024 and there are no significant events occurring after Balance sheet date.

## A10 Investor Education and Protection Fund

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

### **A11 Write off of other receivables.**

The following long pending receivables have been written off during the current year against the provision made in the earlier years against the Provision for loans and Advance to employees and Other Provision.

1. Insurance claim receivable - Rs.59,85,605/-
2. TDS advance receivable – Rs.1,46,299/-
3. Operational loss suspense – Rs.23,69,304/-
4. Staff loan/ Advance – Rs.27,92,155/-

### **A12 Provision**

New provision has been created for an amount of Rs.8,20,00,000 in respect of Contingencies-Service Tax-Liability.

### **A13 Offer of Sale during IPO**

During the year the company took part in the IPO of its Associate Company and sold shares of its Associate company via offer of Shares in the IPO held in the month of November 2023 through book building method. The IPO Details are available in RHP. The company sold 82,10,000 via offer for the sales for Rs. 60/- per share amounting to Rs.49,26,00,000/- and received an amount of Rs.45,74,61,225/- after the deduction of Expenses incurred on the sale of shares.



**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 Rs.62,262/- (Year ended 31 March, 2023 Rs.52,020 /-) for Provident Fund contributions and Rs.Nil/- (Year ended 31 March, 2023 Rs.NIL/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b) Defined Benefit Plans:-

The Company offers Gratuity benefit to its employees:

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

Components of employer's expense

Particulars	Year ended 31 March, 2024 (₹ in Lakhs)	Year ended 31 March, 2023 (₹ in Lakhs)
Current Service Cost	46	35
Interest cost	215	167
Expected return on plan assets	(862)	(614)
Actuarial Loss/(Gain)	18	(416)
Past Service Cost	569	(385)
Employer expense /(Income)	(14)	(1,213)

Actual contribution and benefit payments for the year

Actual benefit payments	-	-
Actual contributions	-	-

Net (asset) / liability recognised in the Balance Sheet

Present value of defined benefit obligation	3,261	3,033
Fair Value of plan assets	12,951	12,140
Funded status [(Surplus) / Deficit]	(9,690)	(9,107)
Amount not recognized as asset [ Effect of limiting net assets to assets ceiling]	(5,911)	(5,342)
<b>Net liability/(asset) recognised in the Balance Sheet</b>	<b>(3,779)</b>	<b>(3,765)</b>

Change in defined benefit obligations (DBO) during the year

Present Value of DBO at beginning of the year	3033	3095
Current Service Cost	46	35
Interest Cost	215	167
Actuarial Loss/(Gain)	(33)	(264)
Past Service Cost	-	-
Past Service Cost	-	-
<b>Present Value of DBO at end of the year</b>	<b>3261</b>	<b>3033</b>

#### Change in fair value of assets during the year

Fair Value of plan assets at beginning of the year	12140	11374
Contributions by employer	-	-
Benefits paid	-	-
Expected return on plan assets	862	614
Actuarial Gain/(Loss)	(51)	152
Transfer in/(out) *	-	-
<b>Fair Value of plan assets at end of the year</b>	<b>12951</b>	<b>12140</b>
Actual return on plan assets	811	766
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)	98%	97%
Insurer managed funds* (Unit -Linked)	2%	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%	7.1%
Salary escalation	10%	10%
Attrition rate	5%	5%
Expected return on plan assets	7.10%	5.4%
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	23-24	22-23	2021-22	2020-21	2019-20
Present value of DBO	3261	3,033	3,095	3,241	3,414
Fair value of plan assets	12951	12,140	11,374	10,625	10,411
Funded status [Surplus/ (Deficit) ]	9690	9,107	8,279	7,384	6,997
Experience adjustment on plan liabilities: (Gain) /Loss	(42)	(153)	(280)	(95)	(70)
Experience adjustment on plan assets: Gain/ (Loss)	155	198	193	(54)	41

## Actuarial Assumptions - Long Term Compensated absences

Particulars	Year ended 31 March, 2024 (₹ in Lakhs)	Year ended 31 March, 2023 (₹ 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 2024 and 31 March 2023. 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'.



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