

@ASIRVAD

SMALL LOANS BIG DREAMS.....

“Small loans can transform lives, especially the lives of women and children. The poor can become empowered. Jobs can be created, businesses can be launched, homes can be built, and individuals can feel a sense of worth again.”

BOARD OF DIRECTORS

V P Nandakumar, Chairman
S V Raja Vaidyanathan, Managing Director
B N Raveendra Babu
Kalpana Iyer
V R Rajiven
Gautam Saigal
A Ramanathan
D.R. Dogra
Shailesh J Mehta

AUDIT COMMITTEE

Kalpana Iyer
Gautam Saigal
D.R. Dogra
Shailesh J Mehta

BORROWING COMMITTEE

V P Nandakumar
S V Raja Vaidyanathan
A Ramanathan
B.N. Raveendra Babu

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

V P Nandakumar
S V Raja Vaidyanathan
V R Rajiven
B.N. Raveendra Babu

COMPENSATION COMMITTEE

Shailesh J Mehta
V R Rajiven
B N Raveendra Babu
Gautam Saigal

ASSET LIABILITY COMMITTEE

A. Ramanathan
S V Raja Vaidyanathan
Mayank Shyam Thatte, CFO
S Ramachandran, COO

RISK MANAGEMENT COMMITTEE

V R Rajiven
Kalpana Iyer
D.R. Dogra
Shailesh J Mehta

MANAGEMENT COMMITTEE

S.V. Raja Vaidyanathan
Gautam Saigal
A. Ramanathan
D.R. Dogra

IT STRATEGIC COMMITTEE

S.V. Raja Vaidyanathan
A. Ramanathan
Anand Sharma, CTO

CHIEF FINANCIAL OFFICER

Mayank Shyam Thatte

CHIEF OPERATING OFFICER

S. Ramachandran

CHIEF TECHNOLOGY OFFICER

Anand Sharma

COMPANY SECRETARY

Simi SS

AUDITORS

M/s. Deloitte Haskins & Sells.,
Chartered Accountants,
Deloitte Centre, Anchorage II, 100/2,
Richmond Road, Bangalore,
Karnataka-560 025

DEBENTURE TRUSTEES

CATALYST TRUSTEESHIP LIMITED

Office No. 83 - 87, 8th floor ,
'Mittal Tower', 'B' Wing, Nariman
Point, Mumbai - 400021
Ph No: 022-49220542

AXIS TRUSTEE SERVICES LIMITED

Axis House,
Ground Floor, Wadia International
Centre, Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Ph No: 022 2425 5215

LIST OF BANKERS/LENDERS

Public Sector Banks

- 1 Andhra Bank
- 2 Bank of Baroda
- 3 Bank of India
- 4 Bank of Maharashtra
- 5 Canara Bank
- 6 Indian Bank
- 7 Indian Overseas Bank
- 8 Oriental Bank of Commerce
- 9 Punjab & Sind Bank
- 10 State Bank of India (SBI)
- 11 UCO Bank
- 12 Union Bank of India
- 13 United Bank of India
- 14 Vijaya Bank

Private Sector Banks

- 1 Axis Bank Ltd
- 2 Development Credit Bank
- 3 Dhanlaxmi Bank Ltd
- 4 Equital Small Finance Bank Ltd
- 5 Federal Bank Ltd
- 6 IDFC Bank Ltd
- 7 Karnataka Bank Ltd
- 8 Kotak Mahindra Bank Ltd
- 9 Lakshmi Vilas Bank
- 10 RBL Bank Ltd
- 11 South Indian Bank Ltd
- 12 Tamilnad Mercantile Bank Ltd
- 13 YES Bank Ltd

Refinance Institution

- 1 NABARD

Financial Institutions & Other Non Bank Lenders

- 1 Nabkisan Finance Ltd
- 2 Bajaj Finance Ltd
- 3 Capital First Limited
- 4 Caspian Impact Investments
- 5 Hero Fincorp Ltd
- 6 IFMR Capital Finance Pvt. Ltd
- 7 Indostar Capital Finance Ltd
- 8 Maanaveeya Development & Finance Ltd.
- 9 Mahindra & Mahindra Financial Services Ltd
- 10 Reliance Capital Ltd
- 11 Religare Finvest Ltd
- 12 Shapoorji Pallonji Finance Pvt Ltd
- 13 TATA Capital Finance Services Pvt. Ltd

Foreign Banks

- 1 CTBC Bank
- 2 SBM Bank (Mauritius) Ltd
- 3 Woori Bank
- 4 SMBC Bank

INDEX

PROFILE OF BOARD OF DIRECTORS	6
MESSAGE FROM CHAIRMAN	9
DIRECTORS REPORT	13
MANAGEMENT DISCUSSION ANALYSIS	26
CORPORATE GOVERNANCE REPORT	35
SECRETARIAL AUDIT REPORT	40
CORPORATE SOCIAL RESPONSIBILITY	44
THE ASIRVAD JOURNEY	46
CUSTOMER DEMOGRAPHY	50
AUDITORS REPORT	52
FINANCIAL STATEMENT	59
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	63
CORPORATE EVENTS.....	97

DIRECTORS AND THEIR PROFILE



Mr. V.P. Nandakumar, holds a post graduate degree in Science, with additional qualifications in Banking & Foreign Trade. He is the Managing Director & CEO of Manappuram Finance Ltd. He began his career with the erstwhile Nedungadi Bank Limited but in 1986, he had to resign from the Bank in order to take over the family business, upon the demise of his father, V.C. Padmanabhan. In 1992, he promoted Manappuram Finance Ltd. and since then has led the company initially as Chairman & Managing Director and since 2012 as Managing Director & CEO. Over the last two decades, Mr. Nandakumar has earned recognition in India's stock market circles as a leading wealth creator for investors.

Mr. V.P. Nandakumar is a managing Committee member of leading trade and industry associations such as ASSOCHAM and FICCI. He is the immediate Past Chairman of CII, Kerala. In January 2017, he was ranked by the Business Today magazine as one among the Top 40 CEOs from the BSFI sector. In November 2016, he was one among a few select corporate leaders from India to be shortlisted for the CNBC Asia Business Leader Award 2016 held at Jakarta, Indonesia.



S. V. Raja Vaidyanathan, B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI, ACS and has more than 38 years' experience in the field of Financial Services, Infrastructure, Media, Telecom & Retail Sectors in large private sector. He promoted Asirvad Microfinance in 2007 along with his family members and was as Chairman & Managing Director till 2015. After acquisition of the company by Manappuram he continues as Managing Director with a minority holding.



Mr. B.N. Raveendra Babu, is a Post Graduate in Commerce with additional qualification in Management Accounting from the U.K. He occupied senior positions in Finance and Accounts in various organizations in the Middle East. He is Director of Manappuram Finance Ltd since 1992 and the current Executive Director.



Smt Kalpana Iyer FCA - Kalpana is a Chartered Accountant with more than 28 years of experience in the Banking and Financial Services sector. She worked with Citibank India for over 16 years and in her last assignment was Head of Microfinance for Citibank India. Since 2007 she has been in the Management Consultant practice, based out of Mumbai. As part of her consulting assignments, Kalpana has worked across a diverse range of businesses and has worked on both, strategy and execution oriented assignments. She has also worked with Private Equity firms in due diligences and enabling investments in the financial services sector. She is on the board of 3 other NBFCs.



Mr. V.R. Rajiven, is a Law graduate and a 1977 batch IPS officer belonging to Kerala Cadre. He retired in 2010 in the rank of Director General of Police . He is a recipient of Police Medal for Meritorious Service and President's Medal for Distinguished Service. After retirement , for a short period he had worked as the CEO of M/s KGS Nelsun Kraft Paper Manufacturing Mill (Cochin Kagaz Ltd.) at Karukutty, Angamaly, (a subsidiary of KGS Corporate Group Chennai). He is also functioning as an Independent Director in the Manappuram Finance Ltd. Director Board from the year 2013.



Mr. Gautam Saiga is founder of Pachira Financial Services LLP. He has over 25 years of experience in financial services covering private equity investment, investment banking and advisory services. Till mid-2013, Gautam was the Managing Director of AA Indian Development Capital Advisors Ltd., advisors to the India dedicated mid-market focussed private equity fund launched by the Ashmore Group and Alchemy Partners, UK. Prior to this, he was Vice President, AIG Global Investment Group (Asia) and Co-Head of its India Private Equity Advisory practice. Gautam has been a member of the Board of Directors and Board Committees in several companies across sectors including in Financial Services, Telecom, Energy Distribution, Healthcare, IT Services, Consumer Products, Logistics, Education etc. Gautam, is a qualified Chartered Accountant and a post graduate in Commerce from the Calcutta University.



Mr. A. Ramanathan, M.B.A. He retired as a Chief General Manager from NABARD, Micro Credit innovations Department. He is an expert in Institutional Development, Organisational Development Intervention, Microfinance, Non Conventional Training Intervention etc. He has more than 36 yrs of rich experience in the Financial sector



Mr. Desh Raj Dogra has four decades of experience in the financial sector and in credit administration. Recently he retired as the Chief Executive Officer and Managing Director at Credit Analysis and Research Limited (CARE) on August, 2016. He joined CARE as Deputy General Manager in 1993 and was one of the first employees of CARE. He started his career in 1977 with the Himachal Pradesh Government and worked on agriculture development projects for a year. He started his career in financial sector by joining Dena Bank in 1978 and in a career spanning 15 years acquired expertise in various facets of banking. Mr. Dogra served as Vice Chairperson and Public Interest Director at Metropolitan Stock Exchange of India Ltd until September 19, 2016. He serves as Independent Director on the Board of many large public listed and unlisted companies viz. S Chand and Company Limited, Welspun Corp Limited, Capri Global Capital Limited, Sintex Bapl Limited, AMPL Cleantech Pvt. Ltd., G R Infraprojects Limited, Asirvad Micro Finance Limited, Brickwork Risk & Investment Management Solutions Pvt. Ltd., ITI Mutual Fund Trustee Pvt. Ltd. Mr. Dogra is a MBA (Finance) from FMS, University of Delhi and Certified Associate of the Indian Institute of Bankers and Master's in Agriculture from Himachal Pradesh University.



Mr. Shailesh J Mehta holds B.Tech. degree in Mechanical Engineering from Indian Institute of Technology, Mumbai, M.S. - Operations Research and Ph.D. in Operations Research and Computer Science from Case Western Reserve University in Cleveland, USA. He also has honorary Ph.D. from California State University.

He has 44 years of expertise in Financial Services, Banking, Insurance, Investments and Advisory. He is Managing General Partner of Granite Hill Capital Partners LLC, Private Equity Fund.

He was previously Chairman of the Board and CEO of Providian Financial Corporation and also served as President and COO of Capital Holding. He has served on the boards of Master Card, Providian, PayPal, Hannover Direct, First Source solutions. Dr.Mehta served as a Trustee of the California State University System. He is founder and is on the Advisory Board of Shailesh J Mehta School of Management at IIT, Mumbai. He serves on the Board of Heritage Fund of IIT Alumni in USA.

He is the member of IIT Bombay Advisory Council and is former Chairman of the board of PANIIT USA alumni association.

Asirvad Microfinance Limited



Chairman's letter

It is my pleasure to present to you our 11th Annual Report for the year ended March 31, 2018. Notwithstanding the challenging environment for microfinance during the year, your company has continued to grow at a rapid pace, with AUM increasing by over 35 percent. Our profitability was, of course, negatively impacted by the after effects of demonetisation, but the good news is the smart turnaround we have managed in the second half of the year, indicating that we are now back on the path of growth with profitability.

India's Economic Outlook

The Central Statistics Office (CSO) revised its estimate for 2017-18, indicating India's real Gross GDP growth rate was at 6.6 percent which is lower than the 7.1 percent growth achieved in 2016-17. The deceleration in the economy was mainly attributed to the after-effect of demonetization and implementation of the Goods and Service Tax (GST). The initial hiccups from the GST implementation have now been resolved and the economy is showing signs of robust recovery in early 2018.

After the formation of the Monetary Policy Committee (MPC), it was given the objective of achieving the medium-term target of consumer price index (CPI) inflation of 4 percent within a band of +/- 2 percent, while supporting growth. Given the rising inflationary expectation and with inflation edging up to 4.87 percent in May 2018 (from 4.58 percent in April 2018) as compared to the low of 1.46 percent in June 2017.

The rising inflation and uncertainty over monsoon impacting agricultural output, expectation of possible fiscal slippage due to upcoming general election, and external pressure of rising global crude price, trade protectionism and normalization of monetary policy from the US Fed resulted in shift in monetary policy trend. The MPC increase the policy repo rate by 25 basis point to 6.25 percent in June 2018, for the first time after January 2014. The projected economic growth remains the same at 7.4 percent as in the April policy. GDP growth is projected in the range of 7.5-7.6 percent in H1 and 7.3-7.4 percent in H2.

The government has been playing a vital role in improving economic environment by providing necessary structural reform measures. Some of the key structural reforms undertaken are Goods and Services Tax (GST), the ordinance to tackle the growing problem of non-performing assets (NPA) within the financial system, in addition to the newly amended Insolvency and Bankruptcy Code 2016. On the external front, the abolition of the Foreign Investment Promotion Board will boost investors' confidence and bring efficiency gains and improve ease of doing business. Meanwhile the government has adhered to the fiscal consolidation path. The fiscal deficit has marginally exceeded the target at 3.2 percent of GDP for 2017-18, while the target is 3.3 percent for 2018-19. The long term goal is to bring fiscal deficit down to 3 percent by 2020-21.

Outlook for Non-Banking Financial Companies (NBFCs)

NBFCs has been giving stiff competition to established banks in the country, having finally edged ahead in the financial credit race as their portfolio of loans grew at 14.9 percent during the first

half of 2017-18, compared to 6.2 percent in the case of banks. The share of NBFCs in the total credit granted by NBFCs and banks rose from 9.5 percent in 2008 to 15.5 percent as of March 2017, pointing to the increasing popularity of NBFCs as a source of finance.

Despite sluggish economic growth during first half, slowdown in demand and sharper bank focus on retail loans, NBFCs have been gaining market share across major asset classes. Between FY 2012 and FY 2017, NBFCs' wholesale finance outstanding has grown at a Compound Annual Growth Rate (CAGR) of 31 percent. The rise of NBFCs has helped bridge the credit gap in the country and reduced the dependence on banking institutions, thus providing an alternate source of finance to the people and allowing lower credit rated individuals and entities to avail financing as well.

Rating agency ICRA has revised the outlook on NBFCs' retail credit growth upwards to about 17-19 percent for FY2018 and said the growth trend will hold in the current financial year also. The total managed NBFC-retail credit of NBFCs stood at around Rs 7 trillion as on December 31, 2017 (Rs 6.1 trillion in March 2017), posting a year-on-year growth of 18.3 percent, compared with nearly 15.5 per cent in FY2017 and 19 percent in FY2016.

Outlook for Microfinance Institutions (MFIs)

NBFC-MFIs play an important role in the government's agenda of financial inclusions as they cater to the unbanked sections of Indian society under the regulatory oversight of the Reserve Bank of India (RBI). The microfinance industry has evolved and matured with regulatory reforms following the Andhra Pradesh crisis (in 2010) that address product, pricing and protection of customer interest. Following these regulatory reforms, we have seen the emergence of regulated NBFC MFIs, the formation of a Self-Regulatory Organization (SRO), and transformation of some MFIs into universal and small finance banks.

With over 45 million end clients, a loan book of over Rs 1 lakh crore, and employing over 1.2 lakh people across 10,000 odd branches, the microfinance sector has emerged as a formidable force for the spread of financial inclusion in India. Despite the growth, the industry caters to less than 25 percent of the demand and this indicates the potential for future growth. The outreach of MFI has been growing rapidly over the past few years period due to low penetration of formal banking system, especially among lower income groups.

Following demonetization, the MFI sector is increasingly moving towards cashless modes of operation. However, a significant proportion of MFI transactions is likely to continue in cash due to small ticket size, lack of access to banks, and low penetration of smartphones among its low income customer base. With demonetisation now a closed chapter, the profitability of the MFI industry is expected to recover, and the industry is also set to reap gains in operational efficiency following its adoption of digital modes of transactions. At the same time, there is some concern about frequent announcements of loan waivers by various state governments which gives rise to fears about an overall weakening of the credit culture in India, especially among the poorer sections. However, it is to be hoped that once the election season is over, we will see less of loan waivers announcements.

Performance of the Company

Fiscal year 2017-18 was, on the whole, a challenging year for your company. It was able to grow its business substantially to end the year with an AUM of nearly 2,400 crore, an increase of over 35 percent compared to the year ago. However, arising from the lingering after effects of demonetisation and its negative impact on the unorganised sector to which our borrowers

belong, the company reported a net loss of about Rs.32 crore for the year ended March 31, 2018, as compared to the net profit of over Rs.34 crore we had reported in the previous year. For a sense of perspective, it is important to note that the losses were booked in the first half of the year, with the second half showing a smart turnaround. In the fourth quarter of the year, your company actually made a profit of Rs 13.05 crore after turning the corner in the third quarter. Having learnt valuable lessons from the recent events, we have now come to a position where 100 percent of its disbursements are made in a non-cash manner.

Today, your company has over 15 lakh customers, 832 branches, close to 4,200 employees, and a capital adequacy of 15.2 percent. With footprint extending over 19 States and UTs, we are now ranked as the 6th largest NBFC- MFI in the country, poised to improve our ranking in the coming years.

Thank you

I am thankful to all our shareholders and other stakeholders for the support extended to the company over the years, especially the last three years. We remain grateful to the Reserve Bank of India for the extraordinary support given to the industry in the difficult days following demonetisation, and the continuing support thereafter. I would also like to thank Mr. Raja Vaidyanathan, MD, and the management team, for having led the company so well in difficult times. Now that we have firmly turned the corner, we look forward to a year of growth and profitability so as to live up to your expectations.

With best wishes,

V.P. Nandakumar,
Chairman

ARTICULARS	Mar-08	Mar-09	Mar-10	Mar-11	Mar/12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
<u>Operational metrics</u>											
# Members enrolled	6,092	57,273	147,850	334,135	387,535	426,489	531,760	700,628	1,137,758	1,914,942	2,913,272
# Active members	6,092	48,425	126,483	219,043	173,109	113,416	211,260	277,615	600,815	1,193,328	1,501,575
# Centres	235	2,152	6,137	12,380	15,205	17,375	25,958	36,083	71,056	101,238	145,394
# Branches	2	19	49	85	78	64	94	141	343	763	832
# Districts Covered	2	7	14	22	21	20	30	44	101	238	245
# States & UT Covered	1	1	1	1	1	1	4	5	13	17	20
Total Staff	19	130	327	531	416	280	351	553	1,810	3,897	4,167
Disbursal during this year (Rs. In Crores)	3	25	118	314	466	595	840	1,229	2,437	2,107	2,875
Portfolio Outstanding (Gross)	286	1,509	6,243	10,101	7,937	10,246	18,882	32,200	99,800	179,100	243,391
PAR (Rs in Lakhs)			2	63	1		6	27	97	21,673	7,560

DIRECTORS' REPORT

The Directors have pleasure in presenting before you the 11th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL RESULTS:

(Rs. In Crores)

Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
Gross Income	468.33	363.42
Total Expenditure	518.26	311.11
Profit before Tax	(49.93)	52.31
Tax expense net of Deferred tax	(17.63)	17.98
Profit after Tax	(32.30)	34.33
Appropriations		
Transfer to Statutory Reserve	0	6.87
Surplus in Profit & Loss	(32.30)	27.46

RESERVES & DIVIDEND

Since there is loss in the Current Financial Year the Company has not transferred any amount to Statutory Reserve.

ADDITIONAL INVESTMENT BY MANAPPURAM FINANCE LIMITED:

Reserve Bank of India has issued its approval letter no. DNBS (Che) No. 1309/13.27.056/2015-16 dtd 03rd February, 2016 for increasing the shareholding of Manappuram Finance Limited from 85% to 100% in your Company over a period of time

During the financial year 2017-18, Manappuram Finance Limited subscribed further 52,42,821 equity shares in the Company and thereby increasing their stake to 90.39%.

As at March 2018, Manappuram holds 90.39% stake in the Company with the balance being held by Mr. S.V. Raja Vaidyanathan (8.54%) and others (1.07%).

LENDING OPERATIONS AND BUSINESS PERFORMANCE

During the year, your Company expanded its operations to the state of Assam, Tripura and Gujarat as part of diversifying into other areas. The operational highlights of your Company are:

- Client base has increased to 15.01 lakhs across 832 branches in 20 states (from 11.9 Lakhs across 763 branches in 17 states)
- Gross Loan Portfolio at Rs. 2,434 Crs (Rs. 1,791 Crs as on March 2017).
- Total disbursement during the year was at Rs. 2,875 Crs (Rs. 2,107 Crs for FY 2017).
- Your Company has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.
- Head Count of 4,167 employees (as against 3,897 for FY 2017).

CREDIT RATING

CARE has maintained the grading of your Company to "MFI 1", the highest in the industry. The bank loan rating is also upgraded by two notches to "CRISIL A+/ STABLE" by CRISIL & "CARE A+" by CARE

RBI GUIDELINES

Your Company is registered with RBI as Non-Deposit Non-Banking Company by their original letter in December 2007. RBI's approval was regularized vide their letter DNBS (Che)/CMD/3843/13-27.056/9-16 dated 19th April 2010. RBI had also issued the Certificate of registration as NBFC-MFI to your Company on 4th of October 2013. Your Company has also complied with all applicable regulations of Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that your Company did not accept any public deposits during the financial year under review. Your Company continues to comply with all the guidelines prescribed for a systematically important NBFC.

The Board of Directors and its various Sub-Committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity Risk Management, Interest Rate Risk, Funding and Capital Planning, Profit Planning and Growth Projections, Pricing, Credit Risk, Portfolio Risk Management, Operational and Process Risk Management have also been reviewed from time to time and the Sub-Committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central bank at periodic intervals.

CAPITAL ADEQUACY

As of March 31, 2018 your Company's total Capital Adequacy Ratio (CAR) stood at 15.19%, well above the regulatory minimum of 15.0%.

ISSUE OF CAPITAL

During the year the Authorized Share Capital of the Company has been increased from Rs.40 Crores to Rs.50 Crores (Represented by Rs.40 Crores of Equity and Rs.10 Crores of Preference Share Capital).

During the year the Company has allotted 57,98,224 Equity Shares of Rs.10/- each on Rights Issue Basis. The Paid-up Share Capital of your Company after including the allotment is Rs.32.07 Crores.

CREDIT BUREAU SUBSCRIPTION

Your Company continues to submit monthly and weekly data to Highmark, CIBIL, Equifax and Experian Credit Bureaus and also use their credit report for each all loan sanctions. This coupled with great deal of hard work, intense follow-ups and efficient processes have resulted in constantly building high quality assets with minimal delinquencies.

FAIR PRACTICES CODE

RBI had been issuing revised Fair Practices Code guidelines from time to time and your Company has adhered to all of them without any compromise. The new Fair Practices Code, code of conduct, Code of Ethics and Grievance Redressal Mechanism which have been approved by the Board are displayed prominently in all the branches of your Company.

Asirvad Development Foundation

Asirvad Development Foundation (ADF), the Corporate Social Responsibility arm of the Company had been providing financial assistance to the underprivileged deserving students for Education, meeting emergency health care requirements of the needy. The details are included in the report on Corporate Social responsibility which is a separate annexure forming part of the Directors Report.

BOARD MEETINGS

The Board of Directors met 5 times during the year on 19.05.2017, 07.08.2017, 04.11.2017, 06.02.2018 and 17.03.2018.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Directors of the Company as per Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6). The Company has also received undertaking and declaration from each director on fit and proper criteria in terms of the provisions of Corporate Governance (Reserve Bank) Directions, 2015.

DIRECTORS

During the period under review there were no changes in the composition of Board of Directors.

During the year, Mr. Desh Raj Dogra and Mr. Shailesh Jayantilal Mehta were re-designated as Directors of the Company with effect from 07.08.2017.

COMPOSITION OF AUDIT COMMITTEE

Audit Committee comprises 3 independent directors and 1 non- independent director.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, the Directors confirm that

- i. In the preparation of the Annual Accounts, all the applicable accounting standards had been followed with the proper explanation relating to material departures.
- ii. 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 at the end of the financial year and of the profit and loss of the Company for that period.
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The directors have prepared the annual accounts on a going concern basis and
- v. The directors, in the case of a listed Company, had laid down internal financial controls to be followed by the Company and that such internal Controls are adequate and were operating effectively.

Explanation- For the purpose of this clause, the term "Internal financial Controls" means the policies and procedures adopted by the company 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.

- VI. 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.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014, an extract of annual return in MGT-9 as a part of this report is annexed.

AUDITORS

At the AGM held on September 12, 2014, the members had appointed Messrs Deloitte Haskins & Sells, Chartered Accountants, as the statutory auditors of the Company to audit the accounts, for a period of 5 financial years, to hold office as such until the conclusion of the ensuing AGM, subject to them ratifying the said appointment at every AGM. The Company has received a

confirmation from Messrs Deloitte Haskins & Sells to the effect that their appointment, if ratified, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under. The board proposes to the members to ratify the said appointment of Messrs Deloitte Haskins & Sells.

The Company has also appointed M/s Varma and Varma as Internal Auditors on 19th May, 2017 to conduct the internal audit of the company for the FY 2017-18.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis report for the year under review has been attached as a separate annexure forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT

The Directors have adhered to the corporate governance requirements and have implemented the best corporate governance practices. A report on Corporate Governance of your Company will be attached as a separate annexure forming part of the Director's Report.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility policy (CSR Policy) activity has been undertaken by the Company and has also been formulated by the Board based on the recommendation of the Corporate Social Responsibility Committee (CSR Committee). The report on CSR activities is annexed herewith as Annexure.

INTERNAL FINANCIAL CONTROL

The Company has put in place adequate policies and procedures to ensure that the system of internal financial control is commensurate with the size and nature of its business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance with company's policies.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. S. Hari, practicing company secretary to undertake the secretarial audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report is annexed to this report.

PARTICULARS OF EMPLOYEES' REMUNERATION

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Mr. S.V.Raja Vaidyanathan, Managing Director has drawn Rs. 2,19,00,001- during 2017-18 as his remuneration.

WHISTLEBLOWER POLICY & VIGIL MECHANISM

The Company has a board approved Whistleblower Policy and vigil mechanism to ensure that all employees/directors of the Company work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Company's Code of Conduct. The policy provides that the whistleblower shall be protected against any detrimental action as a result of any allegations made in good faith. During the year, no personnel were denied access to the audit committee for expressing his concerns or reporting grievances under the Whistleblower Policy and/or vigil mechanism.

Prevention, Prohibition and Redressal of Sexual Harassment of Women At Workplace

The Company is committed to providing and promoting a safe and healthy work environment for all its employees as per Prevention, Prohibition and Redressal Act, 2013. A 'Prevention of Sexual Harassment' ("POSH") policy that is in line with the statutory requirement, along with a structured reporting and Redressal mechanism is in place.

During the financial year 2017-18 the Company received no complaints under the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (accounts) Rules, 2014, your Company had not engaged in any activity relating to consumption of energy or technology absorption. Your Company had not spent any foreign currency expenditure and your Company has no foreign currency earnings.

Regulatory Actions

There are no significant or material orders passed by the regulations or Courts or Tribunals impacting the going concern status and operations of the Company in future.

Particulars of Loans, Guarantees or Investments

The Company has not given any loans/guarantees and has not made any investment in securities as covered under Section 186 of the Companies Act, 2013.

Particulars of Contracts and Arrangements with Related Parties

All Contracts, Arrangements and Transactions entered by the Company during the year with related parties were on an Arm's length price basis. During the year the Company had not entered into any contract, arrangements and transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Acknowledgement

Your directors express their appreciation for the assistance and co-operation received from Banks, Financial Institutions, Government Authorities, Customers, Vendors and other members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the sincere and committed services by the executives, staff and other employees of your Company.

For and on behalf of the Board of Directors

V.P. Nandakumar
Chairman & Director

S.V. Raja Vaidyanathan
Managing Director

FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2018

[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	U65923TN2007PTC064550
ii. Registration Date	29/08/2007
iii. Name of the Company	ASIRVAD MICROFINANCE PRIVATE LIMITED
iv. Category/Sub-Category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON GOVERNMENT COMPANY
v. Address of the Registered office and contact details	DESHBANDHU PLAZA, FIRST FLOOR 47, WHITES ROAD, CHENNAI-600014
vi. Whether listed company	No
vii. Name, Address and Contact details of Registrar and Transfer Agent, if any	S.K.D.C. CONSULTANTS LIMITED KANAPATHY TOWERS, 3RD FLOOR, 1391/A1, SATHY ROAD, GANAPATHY, COIMBATORE - 641 006 PHONE: +91 422 6549995,

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:-

Sr.No.	Name and Description of main products / services	NIC Code of the Product/	% to total turnover of the company
1	Microfinance- Lending to microfinance borrowers through Joint Liability Group	MFI	91.52%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Manappuram Finance Limited	L65910KL1992PLC006623	Holding	90.39%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**i. Category-wise 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 Shares	% of Total	Demat	Physical	Total Shares	% of Total	
A. Promoter									
1) <i>Indian</i>									
a) Individual/ HUF	23,27,966		23,27,966	8.86%	28,41,866		28,41,866	8.86%	
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	2,37,49,979		2,37,49,979	90.38%	2,89,92,800		2,89,92,800	90.38%	
Sub-total(A)(1):-	2,60,77,945		2,60,77,945	99.24%	3,18,34,666		3,18,34,666	99.24%	
2) <i>Foreign</i>	-	-	-	-	-	-	-	-	-
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. <i>Institutions</i>	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2. <i>Non Institutions</i>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.									
(i) Indian									
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	13,334	5,000	18,334	0.07%	16,278	5,000	21,278	0.08%	
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,80,357		1,80,357	0.69%	2,18,916		2,18,916	0.68%	
c) Others(Specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(2)	1,93,691		1,98,691	0.76%	2,35,194	5,000	2,40,194	0.76%	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,93,691		1,98,691	0.76%	2,35,194	5,000	2,40,194	0.76%	
C. Shares held by Custodian for GDRs&ADRs	-	-	-	-	-	-	-	-	-
Grand Total(A+B+C)	2,62,71,636	5,000	2,62,76,636	100%	3,20,69,860	5,000	3,20,74,860	100%	

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mr. S.V. Raja Vaidyanathan	22,27,966	8.48%	-	27,41,866	8.54%	-	-
2.	Ms. Anjana Vaidyanathan	1,00,000	0.38%	-	1,00,000	0.31%	-	-
3.	M/s. Manappuram Finance Limited	2,37,49,979	90.38%	-	2,89,92,800	90.39%	-	-
	Total	2,60,67,945	99.24%	-	3,18,34,666	99.24%	-	-

iii. Change in Promoters' Shareholding (please specify, if there is no change

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	2,60,67,945	99.24%	3,18,34,666	99.24%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the End of the year	2,60,67,945	99.24%	3,18,34,666	99.24%

iv. Shareholding Pattern of Top 10 shareholders(other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,98,691	0.76%	2,40,194	0.76%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	1,98,691	0.76%	2,40,194	0.76%

v. Shareholding of Directors and Key Managerial Personnel:

Sr. no	For Each of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	23,86,655	9.08%	29,36,171	9.15%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	23,86,655	9.08%	29,36,171	9.15%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,077,301,596	1,849,700,000	-	15,927,001,596
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	148,440,316	20,047,181	-	168,487,497
Total (i+ii+iii)	14,225,741,912	1,869,747,181	-	16,095,489,093
Change in Indebtedness during the financial year				
-Addition	11,017,280,439	2,033,463,497	-	13,050,743,936
-Reduction	6,871,380,255	1,263,200,000	-	8,134,580,255
Net Change	4,145,900,184	770,263,497	-	4,916,163,681
Indebtedness at the end of the financial year				
i) Principal Amount	18,371,642,096	2,616,500,000	-	20,988,142,096
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not paid	305,720,755	23,510,678	-	329,231,433
Total (i+ii+iii)	18,371,642,096	2,640,010,678	-	21,011,652,774

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Mr. S.V. Raja Vaidyanathan Managing Director	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 (b) Value of perquisite su/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	2,19,00,001	2,19,00,001
2.	Stock Option		
3.	Sweat Equity		
4.	Commission - as% of profit - others, specify...		
5.	Others, please specify		
6.	Total (A)	2,19,00,001	2,19,00,001
	Ceiling as per the Act		

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Kalpna Iyer	VR Rajivan	A Ramathan	Gautam Saigal	D R Dogra	Shailesh mehta	Total Amount
	<u>Independent Directors</u>							
	- Fee for attending board committee meetings	1,10,000	95,000	2,70,000	-	2,90,000	2,75,000	10,40,000
	- Commission							
	- Others, please specify							
	Total(1)	1,10,000	95,000	2,70,000	-	2,90,000	2,75,000	10,40,000
	<u>Other Non-Executive Directors</u>							
	- Fee for attending board committee meetings	-	-	-	3,05,000	-	-	3,05,000
	- Commission							
	- Others, please specify							
	Total(2)	-	-	-	3,05,000	-	-	3,05,000
	Total(B)=(1+2)	1,10,000	95,000	2,70,000	3,05,000	2,90,000	2,75,000	10,40,000
	Total Managerial Remuneration	1,10,000	95,000	2,70,000	3,05,000	2,90,000	2,75,000	10,40,000
	Overall Ceiling as per the Act							

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		Company Secretary	CFO			
		Simi SS	R. Govinda rajan (till 05.08.2017)	S. Rama chandran (from 07.08.2017 to 06.02.2018)	Mayank Shyam Thatte (from 06.02.2018)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisite u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	9,92,512	11,46,208	23,22,665	7,27,204	51,88,589
2.	Stock Option	-	-	-		
3.	Sweat Equity	-	-	-		
4.	Commission - as % of profit - others, specify...	-	-	-		
5.	Others, please specify	-	-	-		
6.	Total	9,92,512	11,46,208	23,22,665	7,27,204	51,88,589

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. Directors					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. Other Officers In Default					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA

MANAGEMENT
DISCUSSION
ANALYSIS

MANAGEMENT DISCUSSION ANALYSIS

FINANCIAL YEAR 2017-18

Asirvad Microfinance Limited took steps to consolidate the operations by addressing the issues arising out of demonetization event during November/December 2016. The full financial effect of that event spilled over to this financial year resulting in loss of INR 323 mn. Most of the geographies, where Asirvad operates bounced back to pre-demonetisation repayment levels except for few States like Karnataka and Haryana.

Asirvad is ranked 6th All India as NBFC MFIs (Source: MFIN data). The Company has a network of 832 branches across 20 States with presence in 245 districts and 1,45,394 centres. It pursues the policy of continuing re-assessment of concentration risk & diversification. During the year, the company passed on the reduction in interest rate charged by banks/Financial Institutions by reducing interest rate charged to customers from 23% to 22.25%.

Asirvad AUM grew by 36% to Rs 24372 Mn in FY 17-18 from Rs 17959 Mn in FY16-17, Active loan accounts grew by 21% to 2.3 Mn from 1.9 Mn in March 2017. 1.6 Million Loan accounts were disbursed during the financial year and these loans have 99.4% repayment rate.

Total Operational Revenue grew by 28% to INR 4372 Mn for period FY17-18 compared with INR 3428 Mn for period FY 16-17, Pre provisional profit of INR 1083 Mn for period FY 17-18 compared to INR 1045 Mn for corresponding period. Provision for loan loss/Bad debt written off stood at INR 1583 Mn including standard provision of INR 205 Mn made for period FY17-18 as per company policy. Had the company followed RBI norms provision, INR 240 Mn less provision would have created during the financial year.

Asirvad raised INR 13140 Mn, On Balance sheet funding and INR 4970Mn Off Balance Sheet funding through Securitization Transactions totaling 18110 Mn. Rating Agencies CRISIL and CARE has reaffirmed the Credit Rating A+/stable and CARE has reaffirmed the MFI Grading of the company, MFI 1 Highest in the Industry. In spite of Demonetization, Company continues to attracts funds for lending from top Mutual Funds of the Country.

The company needed capital in second half of the year. Manappuram Finance Limited infused INR 500 mn and earlier promoter chipped in INR 50 mn totaling Rs 550 mn as equity to maintain adequate capital adequacy. This was followed by an additional infusion of INR 1000 mn by Manappuram Finance Limited in April 2018.

The Company has added senior management in the field of Technology, Operations and Finance to strengthen its management team. With operations back to new normal and adequately capitalized, Asirvad is poised to grow its AUM in coming years.

OPERATIONAL HIGHLIGHTS

Financial year 2017-18 saw good growth in terms of Business expansion and disbursements. The company had expanded to Assam, Tripura and Gujarat. The Microfinance disbursements during the year was Rs.2,875 Cr. and the closing Microfinance AUM as on March 31, 2018 was Rs.2,434 Crores and SME Portfolio Rs. 3.29 Crores. As on March 31, 2018 AML had become 6th largest MFI in India in terms of AUM.

State Name	AUM in Crs.
Tamil Nadu & Puducherry	730
Kerala	197
Karnataka	274
Madhya Pradesh	171
Chhattisgarh	56
Punjab	58
Haryana	37
Chandigarh	4
Uttar Pradesh	106
Jharkhand	162
West Bengal	282
Bihar	160
Rajasthan	65
Uttarakhand	8
Maharashtra	52
Odisha	43
Tripura	19
Gujarat	9
Chandigarh	4
Assam	2
Total	2434

In terms of strategy, the concentration risk in Tamil Nadu has been reduced from 39.60% in March 2017 to 29.80 % as of March 31, 2018. With expansion in newer states it is proposed to reduce the concentration risk in any state and evenly pan out all India.

The following are some of the operational highlights

Particulars	Mar-18	Mar-17
No. of States & Union Territories	20	17
No. of Branches	832	763
No. of Districts	245	252
No. of Employees	4167	3861
No. of Active Members	15,01,575	11,93,328
Disb. In Crs.	2,875	2,114
Portfolio in Crs.	2,434	1,796

FINANCIAL HIGHLIGHTS

Particulars (Rs. in Crores)	March 2018	March 2017	March 2016	March 2015	March 2014
Paid up Capital	32.07	26.28	26.27	20.76	8.07
Asset Under Management	2437.20	1795.94	998.81	322.00	188.80
Borrowings (Rs. in Crores)	2068.24	1592.70	778.32	240.17	165.29
Total Revenue (Rs. in Crores)	468.33	363.42	156.09	67.33	37.30
Profit after tax (Rs. in Crores)	(32.30)	34.34	23.96	10.40	4.70
Total Assets (Rs. in Crores)	2502.51	1961.95	1044.61	368.81	215.44

KEY RATIOS

Ratio	2017-18	2016-17	2015-16
PBT / Total Income	-10.66%	14.39%	23.24%
PBT / Total Assets	-2.00%	2.67%	3.47%
ROE	-11.70%	13.9%	20.3%
Return on Portfolio	-1.53%	2.46%	3.99%
Capital Adequacy	15.19%	20.6%	24.8%
Book Value Rs.	89.59	100.61	87.55
Net Interest Margin	9.86%	9.96 %	9.47%

FINANCIAL YEAR 2017-18

The Financial year 2017-18 has been a year of mixed fortunes for Asirvad as the company has faced demonetization as well, increasing its geographical presence by venturing into 3 New States and utilising the existing infrastructure for improved employee productivity. The Company believes that every relationship which it has is an opportunity for growth. Towards this ,it has initiated several measures aimed at improvement of customer service levels in sync with their requirement.

The AUM of the Company closed at Rs. 2437 Crores by Mar 2018. The micro loan disbursements will be focused in the Eastern States including West Bengal, Orissa, Assam & Bihar where the repayment track of the customers are generally good.

Assets Under Management

The loan approval process of Asirvad is decentralised, with set overall loan sanction limits, consideration of customer loan track and the loan cycle. During the year, Asirvad's loan book increased to Rs.2,437 Crores from Rs. 1,796 Crores in the previous year. The increase in the loan book was Rs. 641 Crores which has been determined after taking into account loan repayments of Rs. 2,235 Crore (previous year 1317 Crores) and loans written off during the year amounting to Rs. 135 Crores (previous year Rs. 4.23 Crores). The growth in the microfinance loan book, after adding back loans securitised in the preceding twelve months was 36%. The SME loan book is 3.30 crore as on 31st March 2018.

Securitisation

During 2017-18, the company securitised its assets worth Rs. 497 crores during 2017-18 as against Rs. 297 crores during the previous year. With securitisation, the company ensures broad basing of the borrowing profile and reduced cost of funds as the underlying assets rank for classification under priority sector lending by the Banks. The outstanding securitised assets portfolio stood at Rs. 322 crores as on March 31, 2018.

Resource Mobilisation & Treasury Operations

The funding for the business is from an optimum mix of equity and debt. The company continues to follow the policy of diversification of funding sources. The Company has existing relationship with about 58 lenders across Banks, Financial Institutions, NBFCs and Overseas FII investors, who have sanctioned of Rs 1530 Crores during the year, out of which Rs.1290 crore has been availed as on 31st March 2018. It includes Rs.250 Crores of NCDs issued during the year.

The Funding mix of the company as on 31st March 2018 is given below

Term Loan	53%
Non convertible Debentures	14%
Securitization	29%
Commercial Paper	4%

Investments: The Investment Policy approved by the Board of Directors envisages deployment of temporary cash surplus, arising out of the gap between cash inflows and outflows, in mutual funds and/or Fixed deposit with Banks. The investment function ensures adequate levels of liquidity to support business requirements, maintaining a high degree of safety and optimising the level of returns, consistent with acceptable levels of risk by investing in short term instruments. The Company also enjoys cash credit facility for managing its working capital requirements. As at March 31, 2018, the investment in Fixed deposits free of lien stood at Rs. 104 Crores.

Credit Rating:

Long Term Instrument Rating:

During the financial year 2017-18, Credit Rating agency "CRISIL" has reaffirmed the Rating of "**CRISIL A+/Stable**" for the Bank Loans and Non-Convertible Debentures (NCDs) of the company. Credit Analysis & Research Limited (CARE) has reaffirmed the Rating of the company to "**CARE A+/Stable**" for the Bank Loans and NCDs of the company.

Short Term Instrument Rating:

Credit Rating agency "CRISIL" has assigned the Rating of "**CRISIL A1+**" for the commercial paper programme of the company

MFI Grading

CARE has retained the grading of your Company to "**MFI 1**", the highest in the industry

Delinquencies

The company preferred to strengthen its credit norms and kept a close watch on delinquencies. The Company's gross NPAs and net NPAs stood at 2.3 % and 0.2 % respectively.

Provision for Contingencies

During the year, the Company made a provision of Rs. 158.3 Crores(previous year Rs. 52.2 Crores) including write off of 135 Crore through a charge to the Statement of Profit and Loss. The Provisioning is made higher than the amount to be provided for as per RBI norms which requires provisioning of 100% for assets falling due for more than 180 days. The Company provides 100% for assets falling due for more than 120 days.

This was done with the objective of further strengthening the Company's balance sheet.

Outlook, Risks and Opportunities

The Microfinance industry faced the demonetization after effects until third quarter of the current financial year. From fourth quarter onwards, the repayments rates limped back to normal levels of 99+% repayment levels. The outlook for the industry is positive in view of the untapped market potential for microfinance.

Various competitive players are competing to get market share increasing the overall credit exposure to the borrower. The players include NBFC-MFIs, NBFCs, Small Finance Banks, mainstream banks, Banking Correspondents (BC) of Banks. In this regard, the company follows the RBI prescribed norms for NBFC- MFIs for lending.

Certain States like Maharashtra and UP continued to show stress in repayments compared to most of the other States. The Company follows prudent risk mitigation levels by prescribing maximum market share for each State, risk concentration norms for each State, threshold eligibility limits for branch disbursements etc

During the year, the company operations has expanded into 20 States giving an opportunity to acquire market share in multiple States.

New Initiatives

The Company has made 100% Cashless disbursement compulsory since 1st August, 2017. The company is one of the few large NBFC-MFIs, who have made such process mandatory. The company adopts 100% Aadhaar as KYC , Bank account and mobile phone for availing loans.

Since October 2017, manual issue of printed receipts were stopped. All collections were made through TABs and receipts generated out of Bluetooth printers. The company endeavour to send collection receipt acknowledgement, EMI alerts and Overdue reminders through SMS to customer mobiles in forthcoming financial year.

The Company has piloted cash deposits through alternative channels in 17 remote locations partnering with leading agency reducing the cash carrying risks to Bank branches. It will continue to explore various options available to reduce cash carrying risks as well as cash collection from customers.

SCOT OF ASIRVAD

STRENGTHS

CASHLESS DISBURSEMENT

The company has started a careful process of providing cashless disbursements to the Microfinance borrowers. Asirvad with the support of Technology has automated the field level operations and has a diversified board and strong management team.

CUSTOMER INSIGHT

Focus on customer is one of the key factors that have driven the Company in all these years. A strong business model and a prudent insight about its customers give the Company a competitive edge. Better risk management has made the company achieve commendable growth as well.

OPPORTUNITIES

Fewer larger NBFC MFI's to carter the huge unmet demand, cross sell of high margin products, steady state ROA and ROE higher than other investments. Asirvad has large customer base, branch network and PAN India Presence and SME and Housing Finance Diversification.

THREATS

Unforeseen events such as susceptible to local political and state government intervention, central government loan waivers and election poll promises. Market share in NBFC-MFI by Small Finance Bank and banks coupled with BC are reaching out to NBFC's client base.

Human Resources

“Asirvad recognise that it is our employees make things happen, and its strength lies on the employees dedication and commitment towards their work”

Human Resources personnel in the Microfinance sector face a major challenge in acquiring resources with the right skills, aptitude and also on retention of the employee. The department has set up a scalable recruitment and human resource management process, which enables to attract and retain high performing employees. The department work to ensure the organisation remains competitive in its human resources management policies and practices by actively seeking and developing best practices, methods and approaches.

The Department of Human Resources contributes to the success of Asirvad and its administrators and employees through leadership, service and excellence in human resource management by mainly focusing on quality, excellence and continuous improvement. HR has played a vital role in supporting the business goals during the various changes in the sector as well as in the Company.

The Company has made a gross addition of 2890 employees in the financial year and the total manpower strength stood at 4167 PAN India as on 31st March 2018, with 18 States, 2 Union Territories and 832 branches.

The other challenge faced by the company the generally prevalent high attrition amongst the Field Staff due to their tendency to shift employment regularly for higher monetary benefits. The compensation provided by our company is benchmarked to market standards and we also conduct annual performance appraisals to retain the best talent and take steps to promote and reward high performing individuals.

Asirvad has always had committed, high vintage staff due to employee friendly work conditions, comparable monetary compensation and also the work challenges which have served as great motivators. And these have been the pillars of strength on which the edifice of the company has been built.

TRAINING

2017-18 is an eventful year for the training team. Being its 3rd year of functioning, training has played tremendous role in business development, creating knowledgeable work force, consistent skill and talent development and achieving business results

- Total number of employees trained in classroom and on the job training is 3609 which is 85% of total work force
- Asirvad FUN - Regular Induction Training and Certification Program for Field Operations and IA Teams with more than 90% of the trained field workforce are certified
- Tab training and Certification for field roles from FDO to AMs was initiated from Oct 2017 after tab distribution, certifying 100% of employees in those roles. From March 2018 onwards, reconciliation became smooth with more than 90% of branches making perfect, error free entries
- Refresher Programs and field visits are done regularly across India by trainers to enable knowledge and effectiveness of field teams in Sourcing, Collection and Business Management for all roles
- Complete software training for critical support roles like DAM, DEO, RAM completed across India
- Leadership Ladder - Skill Development Program for Senior and Top Management roles was initiated in Feb 2018 - Identifying and nurturing capabilities for future leadership roles

Considering post demonetization environment and organization's vision for Top slot in the industry, training team dynamically developed training plans for inclusive growth in knowledge and skillsets. With investment into training amounting to 0.02% of total portfolio, training team has greatly supported organization into its growth journey. Training team is headed by Head - Training and supported by State Trainers and a Content Developer.

Information Technology

Information Technology (IT), at Asirvad, is committed to operate and maintain a well governed, structured and process-oriented IT function that proactively delivers to the strategic and operational requirements for the effective & efficient achievement of our mission & vision. Asirvad's IT policy is, to leverage technology in achieving customer service obligations, provide innovative services while complying with regulatory/statutory, contractual requirements and optimizing the transactional cost.

The IT infrastructure is created keeping following important factors:

- ✓ Information & Data Security
- ✓ Improved operational efficiency
- ✓ Efficient portfolio tracking and monitoring
- ✓ Better customer service
- ✓ Reduced transactional costs
- ✓ Compliance with regulatory/statutory requirements
- ✓ Moving towards paper less transactions
- ✓ Skilled IT professionals to manage & support
- ✓ Periodic training to end users for using various IT driven solutions
- ✓ Online Analytical Reports for the top management
- ✓ Geo based Employee tracking
- ✓ Robust Mobile Device Management System
- ✓ Automated Auditing System
- ✓ SAP Financials
- ✓ State-of-the art HCMS

The IT wing is in the process of upgrading the IT infrastructure to make Asirvad one of the best tech savvy organization. Use of digital devices (tablets & mobiles) for online - real time receipting & accounting, eKYC & eSign based customer on boarding, a robust, scalable & functionally rich lending software solution, a functionally rich along with mobile self-service software for Human Capital Management, effective Analytics and MIS for portfolio monitoring, highly secure & reliable network, a robust, scalable & functional rich financial accounting software to cater all financial reporting.

INTERNAL AUDIT & CONTROLS

Audit and Internal Controls: Internal Audit and controls play an important role in Asirvad to ensure that the business operations are carried out as per the laid down policies of the company. The focus of the Internal Audit team is not only to highlight the audit observations but also help the field level staff to rectify the mistakes and to ensure that similar mistakes are not repeated.

The Board and Audit Committee reviews the adequacy and effectiveness of the internal audit function, including the structure of the internal audit department, annual audit plan, staffing etc., and ensures effective review process and compliance.

The objective of the Internal Audit is to provide a comprehensive check on the microfinance operations and staff by carrying out different types of audits viz., GRT Audit, Disbursement Audit, Centre Audit, Document Audit and Branch Audit. In addition, special Branch Audits are undertaken as and when required to meet specific requirements of the company. It is ensured by Internal Audit that the eligibility criteria as per RBI guidelines are followed in the form of Credit Bureau check. The members who have already availed loans from 2MFIs and whose outstanding is greater than the limits set by MFIN are kept outside the purview of loan portfolio with a view to make sure that the member borrowers are not over indebted.

The Internal Audit observations are broadly categorized into three types of Alerts viz., Red, Orange & Yellow Alerts and these are highlighted to the operations department for compliance. New Branch clearance is given from Internal Audit before 1st disbursement to ensure that the Branch Office is equipped with the statutory requirements as prescribed by NBFC-MFIs.

Compliance is critical to the Audit process. In order to ensure that the Branch and Divisional office staff understand the deficiencies and discrepancies regarding documentation, process of staff, compliance of the audit observations are mandatory for each Audit conducted.

RISK MANAGEMENT

Micro finance industry is in a most evolving stage in India carrying multiple risks and involve developing strategies to counter various emerging risks as well as key risks associated with any type of lending business. Asirvad is forefront in identifying and analyzing the impact of internal and external risks with a special risk desk supporting various initiatives. Credit risk arising out of delinquencies on account of non-performing portfolio, operational risk arising out inadequate process or failed controls to predefined processes, liquidity risk impacting flow of funds to the organization and sector risk arising out political considerations, concentration risk arising out multiple players are some of the major risks faced by the every organization.

The risk management framework is perhaps one of the most important parameters that define the success of financial services organization. The risk management programme in the organization establishes multiple process of identifying and assessing the major risks covering all areas of the institution's activities. This includes all activities geared toward meeting its strategic, operational, reporting and compliance objectives. The management then develops ways to manage and mitigate these risks by implementing a strong robust system of internal control. The management is accountable to the reporting to the board of directors its assessment of the institution's risk and its efforts to manage and mitigate the risk. The board of directors is responsible to ensure that the management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit functions as one of the board of director's responsibilities.

The Board of directors and its various sub-committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity risk management, interest rate risk, funding and capital planning, profit planning and growth projections, pricing, credit risk, portfolio risk management, operational and process risk management have also been reviewed from time to time and the sub-committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central Bank at periodic intervals.

CORPORATE GOVERNANCE

REPORT ON CORPORATE GOVERNANCE

A Good corporate Governance practice is a key factor of sustainable corporate growth and maintains a long term relationships with the stakeholders of the Company. Asirvad is committed to highest level of corporate Governance practices and emphasizes the need for full transparency and accountability in all transactions, in order to protect the interests of its stakeholders. This enables the Company to attract high quality financial and human capital.

As Asirvad believes that a strong professionally balanced Board of Directors is necessary to ensure the highest standards of Corporate Governance, we have an appropriate mix of executive /non executive and independent directors in our Board. Board of Directors represents the shareholder's interest in perpetuating a successful business and optimizing long term financial returns in a manner consistent with applicable regulatory and legal requirements and ethical considerations.

The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in the governance practices, under which the company strives to maintain an active, informed and independent Board. They ensure that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. They identify key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

In terms of corporate governance philosophy, all statutory and significant material information is placed before the Directors to enable them to effectively supervise the Company.

Asirvad's Corporate Governance philosophy is based on the following principles:

- Compliance to laws in both letter and spirit
- Utmost transparency in dealings with all the stakeholders
- Clear communication of relevant information and high degree of disclosure levels
- Make a clear distinction between personal conveniences and corporate resources
- Communicate externally, in a truthful manner, about how the Company is running internally
- Have a simple, transparent and efficient corporate structure driven solely by business needs
- Create value for all stakeholders without compromising on ethical principles.

Board of Directors and Composition of the Board

Your Company had a balanced composition of executive and non executive Directors during the year. It includes professional independent Directors from various backgrounds which helps to ensure that the Company's performance is in line with the value of stakeholders and its continuous growth.

The following are the responsibilities of the Board of Directors:

- Keep the organization's mission, values, and vision at the forefront of all business decisions.
- Measure the performance of the institution under key areas of capital adequacy, asset quality, profitability, liquidity management, and financial audit, which provides the board with the capacity to adequately asses the strength of the institution's internal controls.
- Strategic planning for the organization which involves drawing up long term goals and identifying short term milestones in order to maintain effective tracking of the achievement of such long term goals.

- Monitor fiscal management and maintain accountability to funders and donors.
- Review and approve the annual budget, major program plans, and organizational policies.
- Ensure that adequate resources are available to the organization to fulfill the goals
- Determine and Monitor the Organization's Products, Services and Programs
- Define clear risk management and internal control policies and procedures

The Board of Directors currently consists of 9 members which includes 5 Independent Directors.

During the year ended 31st March 2018, 5 Board meetings were held on the following dates 19th May, 2017, 07th August, 2017, 04th November, 2017, 06th February, 2018 and 17th March, 2018.

Particulars of the Attendance at the Board Meetings are given below:

S. No	Name of the Director	Category	Attendance	Whether attended last AGM held on 07 th August, 2017	Number of Directorships in other Public Companies		Number of Committee positions held in other Public Companies	
					Director	Chairman	Member	Chairman
1	Mr. V.P. Nandakumar	Chairman	5	Yes	8	-	7	-
2	Mr. S.V. Raja Vaidyanathan	Managing Director	5	Yes	-	-	-	-
3	Mrs. Kalpana Iyer*	Independent Director	2	No	2	-	3	1
4	Mr. B.N. Raveendra Babu	Non-executive Director	5	Yes	2	-	1	-
5	Mr. V.R. Rajiven*	Independent Director	2	Yes	1	-	2	-
6	Mr. Gautam Saigal	Non-executive Director	5	Yes	-	-	1	1
7	Mr. A Ramanathan*	Independent Director	5	Yes	3	-	-	-
8	Mr. D.R. Dogra*	Independent Director	5	No	8	-	2	3
9	Mr. Shailesh J Mehta*	Independent Director	5	No	5	-	2	1

*Independent Directors

None of the Directors of the Company have exceeded the maximum number of Directorship as specified under Section 165 of the Companies Act, 2013.

Committees of the Board

Board committees are formed to help the Board of Directors conduct its business more efficiently. Committees offer individuals an opportunity to contribute their specific talents and expertise for the overall betterment of the organization. Committees also serve as training grounds for board members to take on positions of increasing responsibility. Board committees improve the quality and efficiency of the Board by defining ways to address and resolve issues. The Committees also help focus on specific aspects which may miss the attention of the Board given the paucity of time and also on account of the multifarious issues that may be placed in front of the Board. Asirvad's Board has assigned considerable responsibilities to committees to work effectively. The Board is assisted by Committees which oversee the various aspects relating to Operations, Borrowing Strategy, Finance & Accounts, Compensation, etc. The Committees of the Board of Directors of the Company are as under:

Audit Committee

The Audit Committee, being the sub-group of the full board, has an important role to play in the process of financial monitoring and reporting. The audit committee is established with the aim of enhancing confidence in the integrity of an organization's processes and procedures relating to internal controls and corporate reporting including financial reporting. Audit Committee provides an 'independent' reassurance to the board through its oversight and monitoring role, ensuring transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit functions, robustness of the systems of internal audit and internal controls, effectiveness of anti-fraud, ethics and compliance systems, and review of the functioning of the whistleblower mechanism. Audit Committee may also play a significant role in the oversight of the company's risk management policies and programs. Both internal and external auditors report directly to the audit committee.

The functions of the audit committee include

- Monitor and review the Company's financial statements and internal controls.
- Supervise financial reporting process.
- Review financial results before placing them to the Board along with related disclosures and filing requirements.
- Review adequacy of internal controls and performance of internal audit function.
- Discuss with management, the Company's major policies with respect to risk assessment and risk management.
- Ensure compliance with accounting standards with respect to financial statements

Each Member of the Committee has relevant experience in the field of finance, banking and accounting with a majority of the Members being professionals with long years of corporate work experience. The Audit Committee consists of members who are not involved in the day to day functioning of the organization in any executive capacity which lends an air of independence to its functioning. Such independence helps the Committee members in impartially evaluating the financial aspects of the company and taking necessary corrective action.

During the year under review, the audit committee met 5 times on the following dates - 18th May, 2017, 07th August, 2017, 08th September, 2017, 04th November, 2017 and 06th February, 2018. The details of the composition, number of meetings held and attendance there at during the year are as under:

S. No	Name of the Director	Category	Attendance
1	Mrs. Kalpana Iyer	Independent Director	3/5
2	Mr. Gautam Saigal	Member Director	5/5
3	Mr. Shailesh J Mehta	Independent Director	5/5
4.	Mr. D.R. Dogra	Independent Director	5/5

Borrowing Committee

The Borrowing Committee is in place to approve fresh borrowings from banks and financial institutions and also to empower designated individuals in the senior management to finalize the terms and conditions relating to the proposal under consideration. The Borrowing Committee met 14 times during the year on the following dates - 13th April, 2017, 30th June, 2017, 30th July, 2017, 29th August, 2017, 14th September, 2017, 26th September, 2017, 13th November, 2017, 23rd November, 2017, 19th December, 2017, 27th January, 2018, 24th February, 2018, 27th February, 2018, 09th March, 2018 and 27th March, 2018.

Compensation Committee

Asirvad has a credible and transparent policy in determining and accounting for the remuneration of the directors. The objective was to determine the correct remuneration package while striking a balance between the interests of the company and the shareholders. The Committee consisted of three members namely Mr. VR Rajiven and Mr. Gautam Saigal.

Asset - Liability Committee

The risk management framework is perhaps one of the most important parameters that define the success of a financial services organization. A risk management programme establishes a process of identifying and assessing the major risks covering all areas of the institution's activities. This includes all activities geared toward meeting its strategic, operational, reporting, and compliance objectives. Management then develops ways to manage and mitigate these risks by implementing a very strong system of internal controls. Management is accountable to the board of directors for the state of the institution's risk management and is responsible for reporting to the board of directors its assessment of the institution's risk and its efforts to manage and reduce this risk. The board of directors is responsible to ensure that management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit function as one of the board of director's responsibilities.

Asset Liability Committee is constituted to monitor the asset liability gap, strategize action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities sides) in line with the company's budget and decided risk management objectives. The Committee has met 9 times during the year on the following dates 25th April, 2017, 25th May, 2017, 29th July, 2017 30th August, 2017, 26th October, 2017, 29th November, 2017, 12th January, 2018, 28th February, 2018 and 31st March, 2018.

IT Strategic Committee

IT Strategic Committee was constituted as per the RBI Master Directions on IT Framework for NBFC Sector. The Constitution of IT Strategy Committee is mandatory for the Company. The IT Strategy Committee consists of One Independent Director, One Executive Director and Chief Technology Officer of the Company.

Remuneration to Directors

No remuneration was paid to any Non-Executive Director except as Sitting Fees for attending the Board Meeting.

General Body Meeting

During the year ended 2017-18, 10thAnnual General Meeting was held on 07thAugust, 2017 and One Extra ordinary General Meetings was held on 04th December, 2017. The details are given below:

S. No	Date	Time	Venue
1	07 th August, 2017 (AGM)	05.00 PM	Radisson Blu Hotel, GST Road, St. Thomas Mount, Chennai - 600 016.
2	04 th December, 2017	3.00 PM	First Floor, Lemuir House, GN Chetty Road, Chennai 600 017

All the proposed resolutions, including special resolutions were passed by the shareholders as set out in their respective notices.

General Shareholder Information as on 31st March 2018

Category	No of shares	% of shareholding
Corporate Body	2,89,92,800	90.39%
others	30,82,060	9.61%
Total	3,20,74,860	100%

For and on behalf of the Board

V.P. Nandakumar
Chairman and Director

S.V. Raja Vaidyanathan
Managing Director

Date: 15-05-2018
Place: Chennai

SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2018

(pursuant to section 204(1) of the Companies Act 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014

To

The Members
M/s Asirvad Microfinance Ltd.
'Deshbandhu Plaza'
No.47 Whites Road, 1st Floor
Chennai 600 014.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Asirvad Microfinance Limited (CIN No.U65923TN2007PLC064550) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Companies (Acceptance of Deposits) Rules, 2014.
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulation, Guidelines, Standards.

During the period under review:

1. The Company has taken loans from the Banks/Financial Institutions from time to time. Necessary charges in Form CHG-1 were filed.
2. The Company has allotted Secured Non-Convertible Listed Debentures.
3. The Company has not accepted Deposits from the public.
4. The Company has not taken inter-corporate loans in the year.

5. The company has taken loans amounting to Rs. 1,113 Crores during the year and necessary CHG-1 was filed with ROC in time.
6. During the year, a few loans were fully repaid by the company amounting to Rs.275 Crores. Accordingly, under Sec. 82 of the Companies Act 2013, Satisfaction of charges in Form No. CHG-4 were filed with the Registrar of Companies for the aforesaid amount in time. This does not, however, include part repayment of loans.
7. This company continues to be a Subsidiary of M/s Manappuram Finance Limited.
8. The Company has not declared dividend during the year
9. The Company's Authorized Share Capital increased to Rs.70 Crores and necessary e-Forms filed with Registrar of Companies.
10. The company has spent the eligible profit on Corporate Social Responsibility Measures through Asirvad Development Foundation, a Trust created for this purpose.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. From the time of incorporation, the Company has a Woman Director as required under sec.149 of the Companies Act 2013.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent to the Directors at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for a meaningful participation for the directors at the meeting.

Decisions were carried unanimously. However, important discussions on members' views are captured and recorded, as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Place : Chennai
Date : 15-05-2018

Signature:
S. Hari
Company secretary in practice
FCS No. 821
C P No.: 4276

Annexure 'A'

To,

The Members
M/s Asirvad Microfinance Ltd.
'Deshbandhu Plaza'
No.47 Whites Road, 1st Floor
Chennai 600 014.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on the Secretarial Audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai
Date : 15-05-2018

Signature:
S. Hari
Company secretary in practice
FCS No. 821
C P No.: 4276

CORPORATE
SOCIAL
RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Asirvad Development Foundation (ADF), the Corporate Social Responsibility arm of Asirvad has been providing financial assistance to the underprivileged deserving students for Education, meeting emergency care requirements of those who are unable to afford the fees, renovation of dilapidated school buildings, etc. ADF is based on the philosophy of achieving sustainable economic development through philanthropy. Through philanthropic contribution and support of employee volunteerism, Asirvad Development Foundation aims in advancing social change through educational, financial, humanitarian and health-related initiatives.

Education is a tool to refine human mind and intellect. However it is very unfortunate that a lot of children are unable to afford education due to poverty. An educated child will turn out to be a worthy citizen of the country. One of the primary objectives of Asirvad Development Foundation is to foster the educational needs of the children who show a willing to study but are prevented from doing so due to lack of resources. One of the programs undertaken during this year was the financial support provided to the underprivileged students to pursue their education.

The Student Scholarship Scheme commenced in the year 2011-12 and continued this year as well. During the year 2017-18, ADF provided educational assistance of Rs. 20.98 lakhs to the deserved students. These benefits are provided to the members of Asirvad and also to the qualifying people among the general public at large

During the financial year 2017-18, (ADF) has provided various financial assistance to the deserved people apart from the annual educational scholarships to the students. The major contributions are as below mentioned:

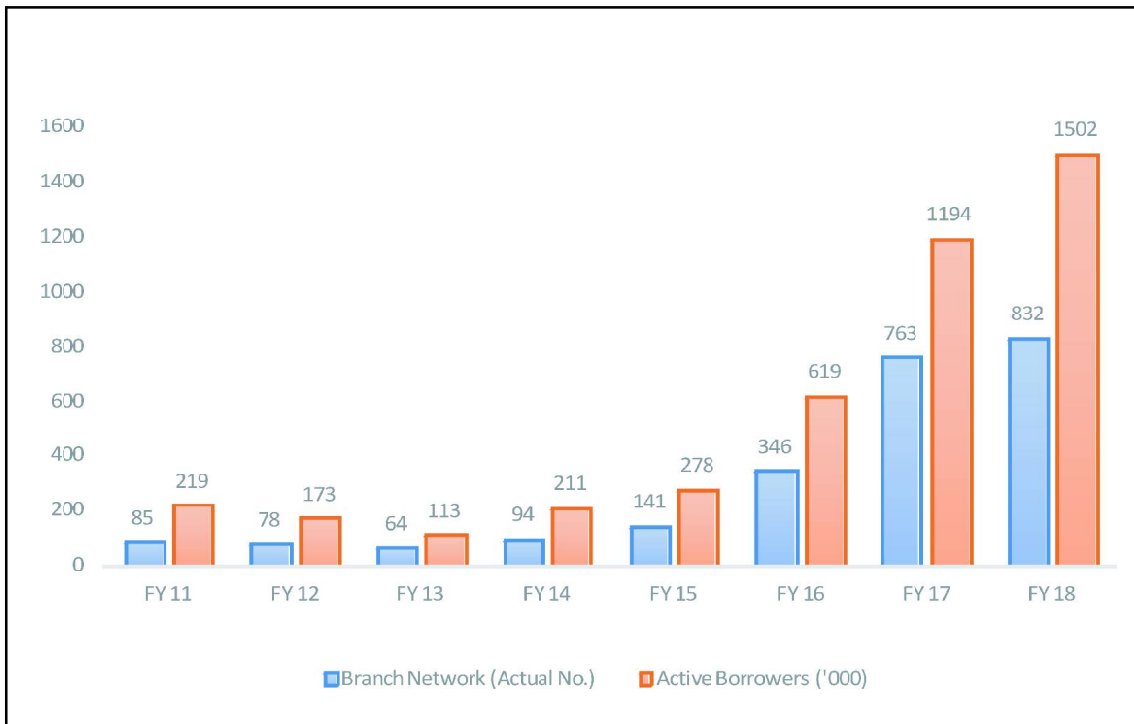
- Contribution to Sri Dhanvantri Trust for Breast Cancer Hospital Opening
- Contribution to LIBA for Children Education
- Contribution to IIT Madras for Incubation Cell
- Contribution towards Vidhya Vilasam UP School (Quality Education)
- Contribution towards Peringottukara Dialysis Centre (Health Initiative)
- Contribution to Dream Runners Foundation for Prosthetic Legs
- Contribution for medical aid to a child for medical treatment
- Contribution towards Swachh Bharat Kosh

Though our achievements may seem small when compared to the immensity and imminence of the tasks we have already committed ourselves to and the tasks awaiting and clamoring for our attention, we believe in the philosophy of tiny drops making a mighty ocean.

Our trust looks forward to and is geared up for the immense work awaiting us in the field of social service that uplifts the economically weaker section, awakens the depressed, comforts the deprived and rehabilitates the displaced. Our trust would continue to work towards the upliftment of the economically weaker section and is confident of valuable contributions from all concerned in furthering its objectives of catering to the health, education and sanitation.

ASIRVAD
JOURNEY

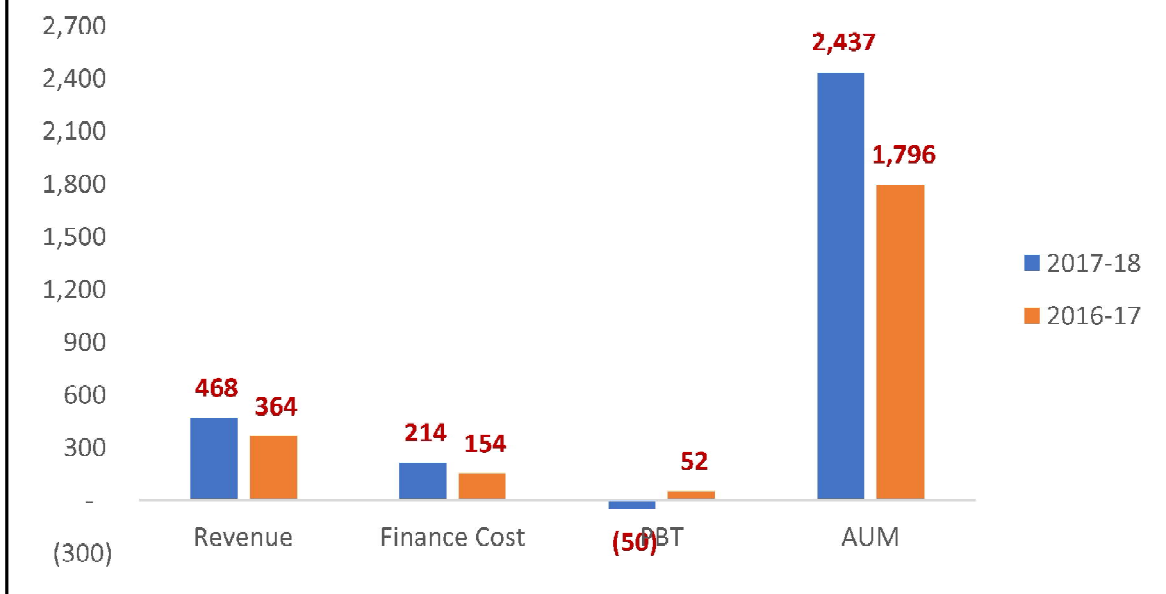
OPERATIONAL METRICS



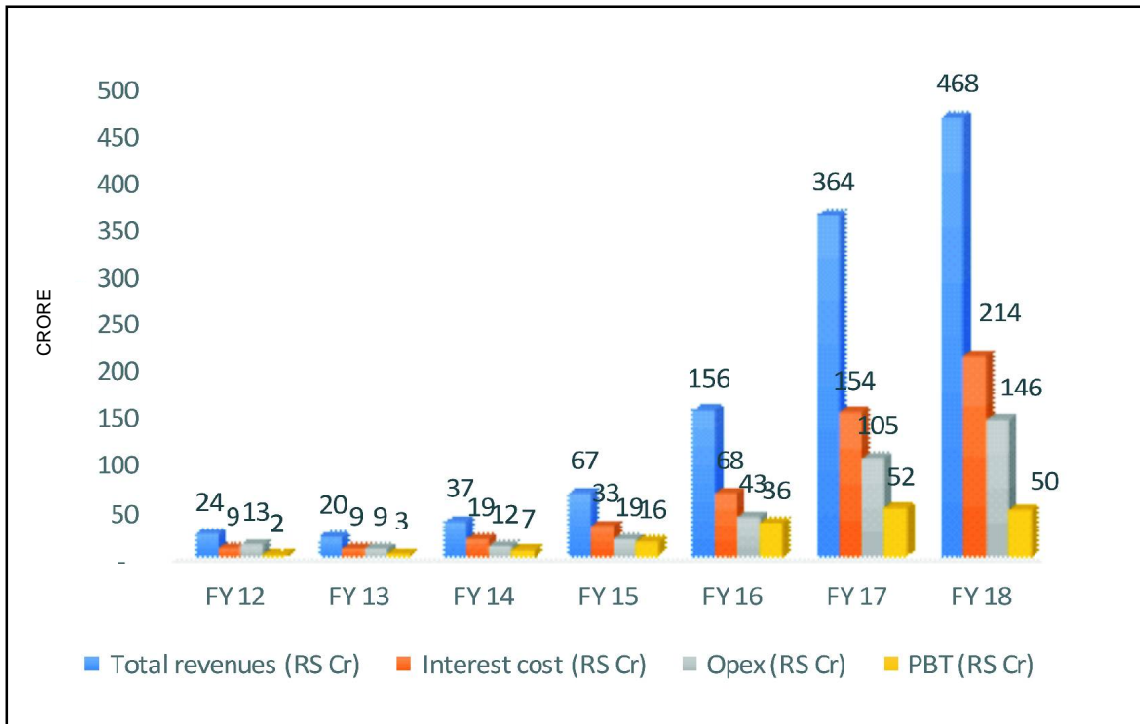
Rs. in Crores

Year	Revenue	Finance Cost	PBT	AUM	Net Interest Margin (in %)	CRAR (in %)
2017-18	468	214	(50)	2,437	9.86%	15.19%
2016-17	364	154	52	1,796	9.94%	20.61%

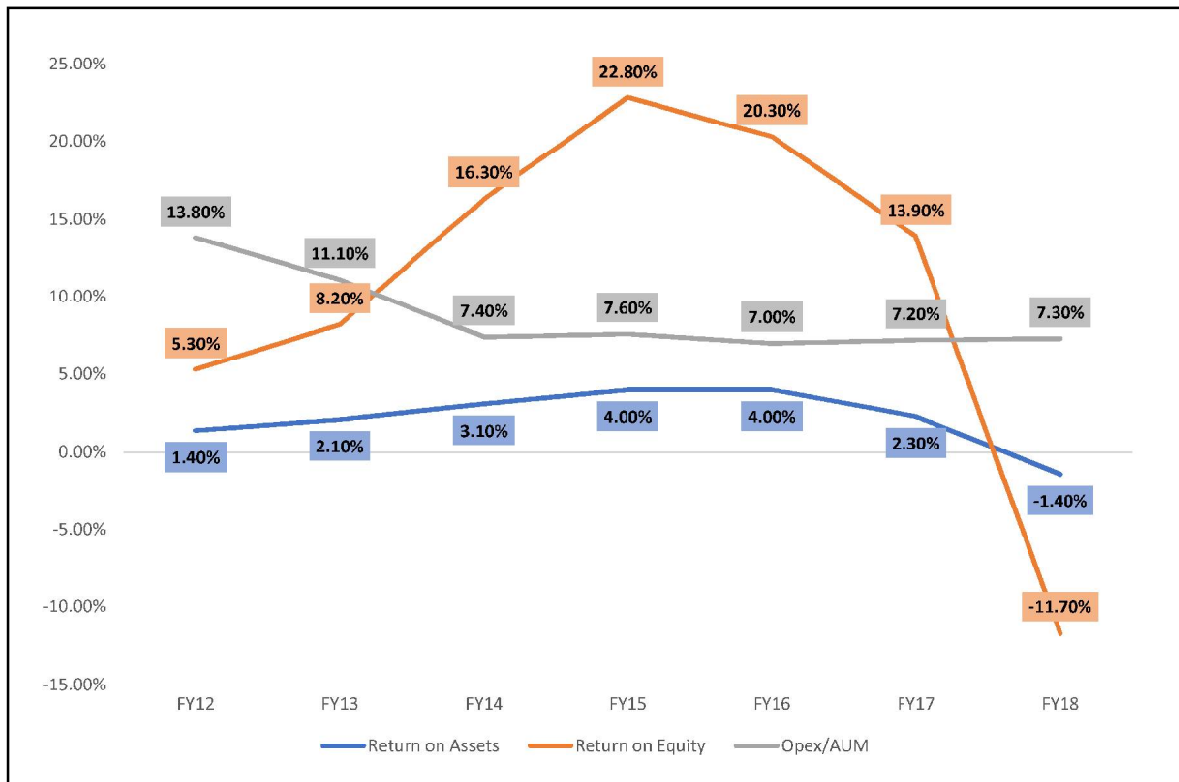
Financial Highlights



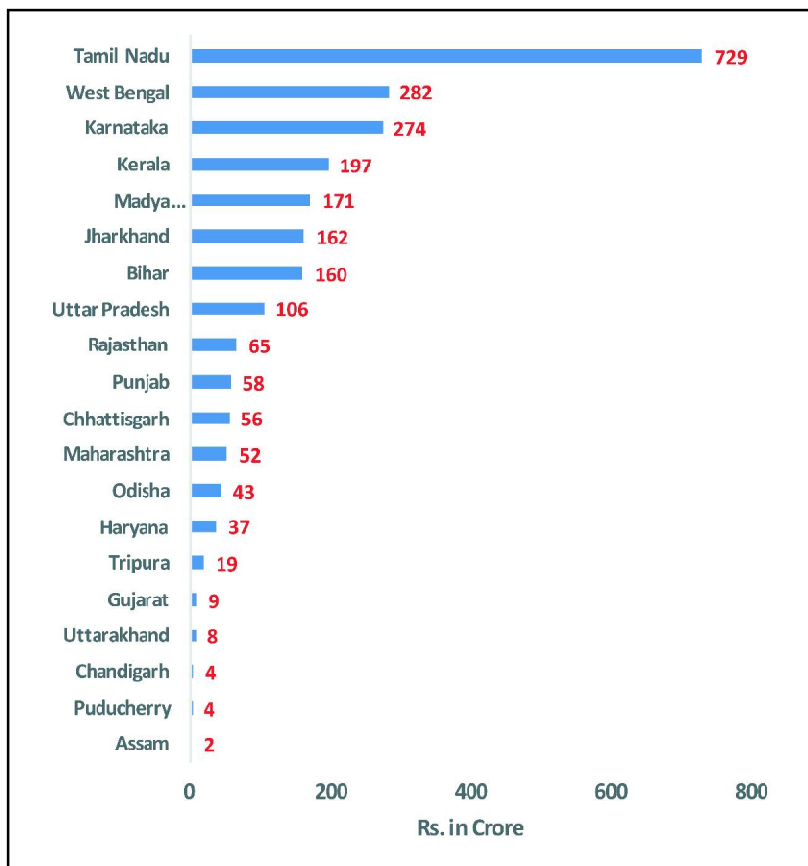
FINANCIAL SNAPSHOTS



FINANCIAL RATIOS

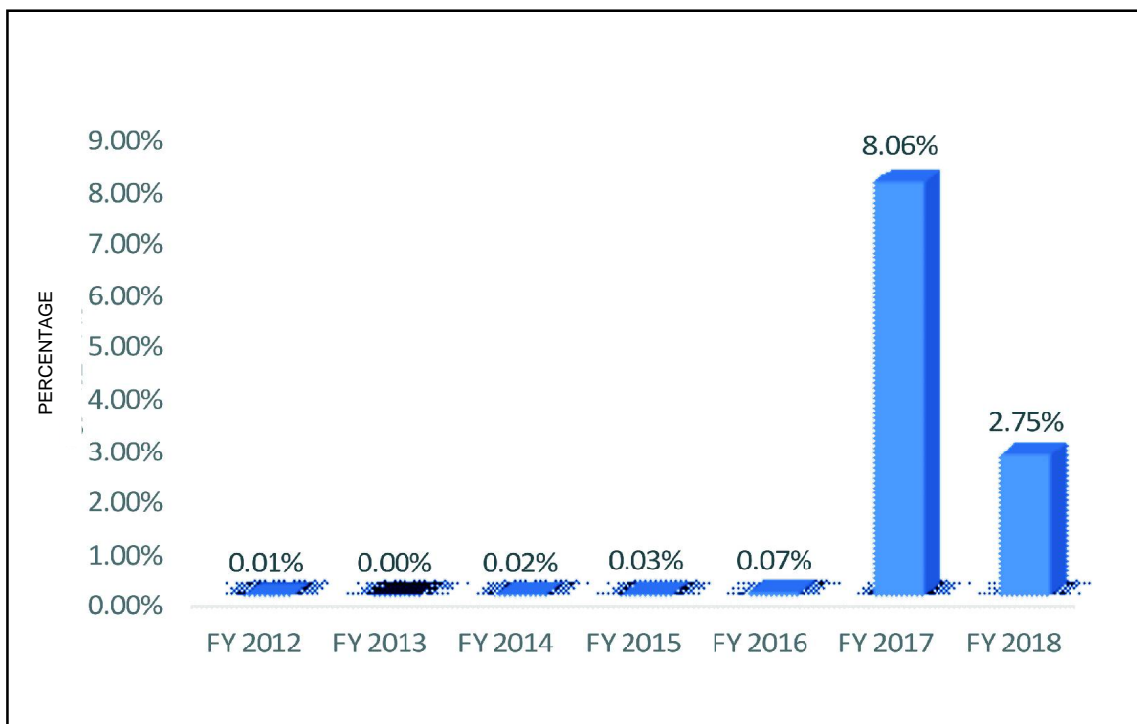


STATEWISE AUM



PAR

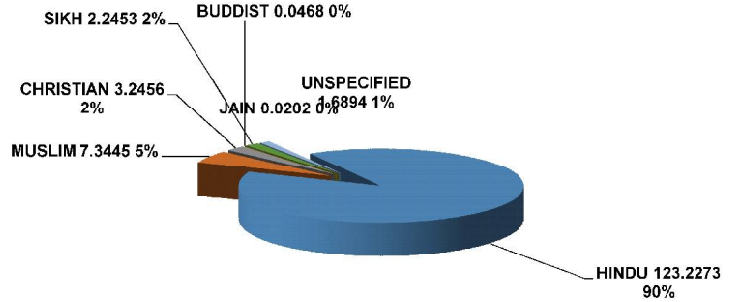
30(%)



CUSTOMER DEMOGRAPHY

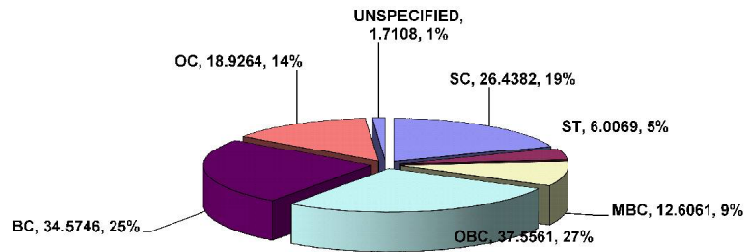
1,378,191 ACTIVE MEMBERS - RELIGION WISE

RELIGION	TOTAL	%
HINDU	123.23	89.41%
MUSLIM	7.34	5.33%
CHRISTIAN	3.25	2.35%
JAIN	0.02	0.01%
BUDDIST	0.05	0.03%
SIKH	2.25	1.63%
UNSPECIFIED	1.69	1.23%
TOTAL	137.82	100.00%



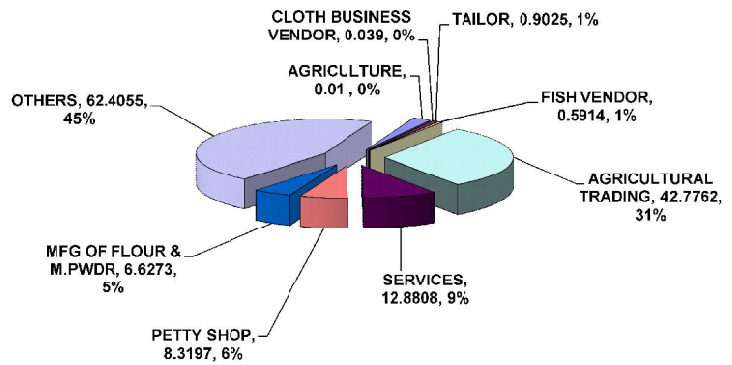
1,378,191 ACTIVE MEMBERS - CASTE WISE

CASTE	TOTAL	%
SC	26.44	19.18%
ST	6.01	4.36%
MBC	12.61	9.15%
OBC	37.56	27.25%
BC	34.57	25.09%
OC	18.93	13.73%
UNSPECIFIED	1.71	1.24%
TOTAL	137.82	100.00%



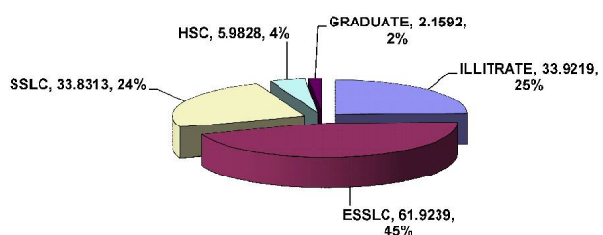
1,378,191 ACTIVE MEMBERS OCCUPATION WISE

OCCUPATION	TOTAL	%
CLOTH BUSINESS VENDOR	0.04	0.03%
TAILOR	0.90	0.65%
FISH VENDOR	0.59	0.43%
AGRICULTURAL TRADING	42.78	31.04%
SERVICES	12.88	9.35%
PETTY SHOP	8.32	6.04%
MFG OF FLOUR & M.PWDR	6.63	4.81%
OTHERS	62.41	45.28%
AGRICULTURE	3.28	2.38%
TOTAL	137.82	100.00%



1,378,191 ACTIVE MEMBERS - EDUCATION WISE

EDUCATION	TOTAL	%
ILLITRATE	33.92	24.61%
ESSLC	61.92	44.93%
SSLC	33.83	24.55%
HSC	5.98	4.34%
GRADUATE	2.16	1.57%
TOTAL	137.82	100.00%



AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASIRVAD MICROFINANCE PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Asirvad Microfinance Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes 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; selection and application of appropriate 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order/CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Place: Valapad
Date: 15 May 2018

S. Sundaresan
(Partner)
(Membership No.25776)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 of **Asirvad Microfinance Limited** ("the Company") as of 31 March 2018 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. 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the criteria for internal financial control over financial reporting 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.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Place: Valapad
Date: 15 May 2018

S. Sundaresan
(Partner)
(Membership No.25776)

ANNEXURE B TO THE INDEPENDENT AUDITORS'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds for the land is held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) 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 Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods & Service Tax, and other material statutory dues applicable to it to the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Goods & Service Tax and other material statutory dues in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
 - Details of dues of Income-tax which have not been deposited as on 31 March 2018 on account of disputes are given below :

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved Rs.	Amount Unpaid Rs. #
Income Tax Act, 1961	Income Tax	CIT(A)	AY 2015-2016	112,449,890	89,959,912

Net of Rs. 22,489,978 paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year other than embezzlement of cash amounting to Rs.90.77 Lakhs by employees in 26 of the branches of the Company (Refer Note 38 to the financial statements) detected and appropriately dealt with by the Management.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Place: Valapad
Date: 15 May 2018

S. Sundaresan
(Partner)
(Membership No.25776)

FINANCIAL STATEMENTS

Asirvad Microfinance Limited
Balance Sheet as at 31 March 2018

Particulars	Note No.	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	3	320,748,600	262,766,360
(b) Reserves and Surplus	4	2,552,867,590	2,381,056,646
		2,873,616,190	2,643,823,006
2 Non-Current Liabilities			
(a) Long-Term Borrowings	5	10,987,057,866	9,635,752,818
(b) Long-Term Provisions	9 (i)	55,716,284	90,868,196
		11,042,774,150	9,726,621,014
3 Current Liabilities			
(a) Short - Term Borrowings	6	150,000,000	249,916,864
(b) Trade Payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		103,585,795	83,514,875
(c) Other Current Liabilities	8	10,175,660,747	6,381,485,453
(d) Short-Term Provisions	9 (ii)	679,496,471	534,141,079
		11,108,743,013	7,249,058,271
TOTAL		25,025,133,353	19,619,502,291
B ASSETS			
1 Non-Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		63,750,679	56,033,694
(ii) Intangible Assets		3,310,482	700,837
(iii) Intangible Assets under development		4,023,546	-
		71,084,707	56,734,531
(b) Non-Current Investments	11	500,000	500,000
(c) Deferred Tax Assets (net)	12	398,103,900	221,813,571
(d) Receivables under Financing Activity	15.2	1,210,119,584	2,397,399,748
(e) Long-Term Loans and Advances	13	86,315,996	8,458,754
(f) Other Non-Current Assets	14	331,492,438	434,722,241
		2,026,531,918	3,062,894,314
2 Current Assets			
(a) Receivables under Financing Activity	15.1	19,945,308,815	14,866,471,284
(b) Cash and Bank Balances	16	2,498,349,782	1,339,119,096
(c) Short-Term Loans and Advances	17	39,800,921	35,684,737
(d) Other Current Assets	18	444,057,210	258,598,329
		22,927,516,728	16,499,873,446
TOTAL		25,025,133,353	19,619,502,291

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

S Sundaresan
Partner

Mayank Shyam Thatte
Chief Financial Officer

Simi S S
Company Secretary

Place : Valapad
Date : 15 May 2018

Asirvad Microfinance Limited
Statement of Profit and Loss for the year ended 31 March 2018

Particulars	Note No.	For the year ended 31 March 2018 Amount in Rs	For the year ended 31 March 2017 Amount in Rs.
I. Income			
Revenue from Operations	19	4,372,550,819	3,428,231,385
Other Income	20	310,731,745	205,966,099
Total (I)		<u>4,683,282,564</u>	<u>3,634,197,484</u>
II. Expenditure			
Finance Costs	21	2,138,411,489	1,542,726,236
Employee Benefit Expenses	22	920,089,306	650,943,514
Depreciation and Amortisation Expense	10	63,593,716	41,561,604
Provision and Other Losses	23	1,583,145,329	522,163,062
Other Expenses	24	477,342,565	353,725,652
Total (II)		<u>5,182,582,405</u>	<u>3,111,120,068</u>
III. (Loss)/Profit Before Tax (I-II)		<u>(499,299,841)</u>	<u>523,077,416</u>
IV. Tax Expenses			
(a) Tax Expense for Current Year		-	359,000,000
(b) Deferred Tax	12	(176,290,329)	(179,240,578)
Net Tax Expense		(176,290,329)	179,759,422
V. (Loss)/Profit for the Year (III-IV)		<u>(323,009,512)</u>	<u>343,317,994</u>
Earnings per share (of Rs. 10/- each):			
- Basic	30	(11.59)	13.07
- Diluted		(11.59)	13.07

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

S Sundaresan
Partner

Mayank Shyam Thatte
Chief Financial Officer

Simi S S
Company Secretary

Place : Valapad
Date : 15 May 2018

Asirvad Microfinance Limited
Cash Flow Statement for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018 Amount in Rs	For the year ended 31 March 2017 Amount in Rs.
A. Cash flow from Operating Activities		
(Loss)/Profit Before Tax	(499,299,841)	523,077,416
Adjustments for:		
Depreciation/ Amortisation	63,593,716	41,561,604
Provision for Receivables under Financing Activity (Net)	148,127,653	479,768,642
Reversal of Provision for Credit enhancements on assets under financing activity	(692,314)	(13,086,511)
Loss Assets Written off	1,435,017,676	42,394,420
Loss on Sale of Fixed Assets (Net)	507,499	-
Dividend Income	(19,593,956)	(11,856,409)
Interest on Deposits	(58,461,614)	(49,099,463)
Income from Securitisation of Receivables	(221,568,912)	(158,762,303)
Operating Profit before Working Capital Changes	847,629,907	853,997,396
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under Financing Activity	(6,441,220,652)	(8,058,492,489)
Short-Term Loans and Advances	(4,116,184)	(13,103,180)
Long Term Loans and Advances	1,680,603	(2,412,344)
Other Current Assets	(98,092,542)	(26,665,170)
Other Non-Current Assets	5,952,580	(35,395,754)
Securitisation of Assets (net)	2,478,842,610	(635,806,984)
Margin Money Deposits with Banks and Others	(174,605,116)	(228,942,421)
Adjustments for increase / (decrease) in Operating Liabilities:		
Trade Payables	20,070,920	47,862,274
Other Current Liabilities	290,143,733	16,415,533
Short-Term Provisions	(1,432,365,090)	(41,121,266)
Long-Term Provisions	1,816,905	7,704,762
Cash Flow Generated used in Operations	(4,504,262,326)	(8,115,959,643)
Income Received in Advance (Securitization)	221,568,912	157,692,872
Interest Income on Deposits	47,993,658	27,990,298
Net cash flow used in operations	(4,234,699,756)	(7,930,276,473)
Net Income Tax Paid	(123,801,116)	(320,569,951)
Net Cash from Operating Activities	(4,358,500,872)	(8,250,846,424)

Asirvad Microfinance Limited
Cash Flow Statement for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018 Amount in Rs	For the year ended 31 March 2017 Amount in Rs.
B. Cash flow from Investing Activities		
Proceeds from Sale of Fixed Assets	11,352,651	41,531
Capital Expenditure on Fixed Assets (including Capital Advances)	(87,242,121)	(65,106,042)
Proceeds from Sale of Current Investments	-	250,083,708
Dividend Received	19,593,956	11,856,409
Net Cash Flow Generated (used in)/from Investing Activities	<u>(56,295,514)</u>	<u>196,875,606</u>
C. Cash flow from Financing Activities		
Proceeds from Long-Term Borrowings-Term Loans (net)	3,186,587,565	4,184,413,922
Proceeds from Long-Term Borrowings-Debentures (net)	1,668,466,669	3,810,116,755
Proceeds from Short-Term Borrowings - CP & Cash Credit	(99,916,864)	249,916,864
Proceeds from Finance Lease	282,375	8,288,959
Proceeds from Issue of Equity Shares	552,802,696	-
Net Cash Flow from Financing Activities	<u>5,308,222,441</u>	<u>8,252,736,500</u>
Net increase in Cash and cash equivalents (A+B+C)	893,426,055	198,765,683
Cash and cash equivalents at the beginning of the year	1,009,198,165	810,432,482
Cash and Cash Equivalents at the end of the year	<u>1,902,624,220</u>	<u>1,009,198,165</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per balance sheet (Refer note 16)	2,498,349,782	1,339,119,096
Less: Bank Balances not considered as cash and cash equivalents as defined in AS 3 Cash flow statements		
Balances held as margin money or security against borrowings, guarantees and other commitments	595,725,562	329,920,931
	<u>1,902,624,220</u>	<u>1,009,198,165</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

S Sundaresan
Partner

Mayank Shyam Thatte
Chief Financial Officer

Simi S S
Company Secretary

Place : Valapad
Date : 15 May 2018

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 CORPORATE INFORMATION

Asirvad Micro Finance Limited was incorporated in August 2007 under the provisions of the Companies Act, 1956. The Company is a Non-Banking Finance Company - Micro Finance Institution (NBFC-MFI). The Company is registered as a Micro Finance Institution under the Non-Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI letter dated 4 October 2013.

The Company is engaged in extending micro credit advances to poor women, who are otherwise unable to access finance from the main stream banking channels. The Company provides small value collateral free loans with fortnightly/ monthly repayments. The Company follows the Grameen model with suitable adoptions using the group where each member is responsible for the loan repayment of the other members of the group. The Company provides collateral free product loans to the existing borrowers of small amount.

The Company also provides secured loans to Small and Medium Enterprises.

The Company uses its branch infrastructure to market products to the members of the Joint Liability groups on behalf of other agencies for an agreed fee/ commission.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for NBFC-MFI's or more stringent norms.

2.2 Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period such as provisioning for employee benefits, provisioning for receivables, provisioning for credit enhancement for assets de-recognized, useful lives of fixed assets, provisioning for taxation etc. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the Written Down Value Method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Leasehold Improvements are depreciated over the remaining primary lease period or 3 years whichever is lower.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Depreciation is accelerated on fixed assets, based on their condition, usability etc., as per the estimates of the Management, where necessary.

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Software - Lower of license period or 3 years.

2.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- a) Interest income on loans given is recognized under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued on such assets is de-recognized by reversing the unrealized interest income already recognized.
- b) Loan processing fee is recognized over the life of the loan on a straight line basis.
- c) Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising there from is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.
- d) Commission income on marketing of products is recognized on accrual basis when the service is rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.
- e) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- f) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

2.7 Fixed Assets - Tangible and Intangible

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation / amortization and impairment losses, where applicable. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

Intangible Assets

Software is acquired primarily from third-party vendors and is in ready-to-use condition. Costs for acquiring such software are capitalized. The capitalized software is amortized based on the useful life prescribed under Schedule II of Companies Act, 2013.

2.8 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.9 Investments

Investments which are long term in nature are stated at cost less provision where necessary for diminution, other than temporary, in the value of investments.

Current investments are carried individually, at the lower of cost and fair value.

2.10 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, and compensated absences.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Defined contribution plan:

Provident Fund and Employees State Insurance: The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans:

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

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long-Term Employee Benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.11 Deferred Employee Stock Compensation Cost

Deferred employee stock compensation cost for stock options is recognized on the basis of generally accepted accounting principles and is measured as the difference between the estimated intrinsic value of the company's shares on the date of grant of the stock options and the exercise price to be paid by the option holders. The compensation expense, if any, is amortized uniformly over the vesting period of the options.

2.12 Borrowing Costs

Borrowing costs include interest and ancillary costs that the Company incurs in connection with the borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

Prepaid finance charges represents ancillary costs incurred in connection with the arrangement of borrowings; including borrowings sanctioned but not availed, and is amortized on a straight line basis, over the tenure of the borrowings. Unamortized borrowing costs remaining, if any, are fully expensed off as and when the related borrowing is prepaid / cancelled.

2.13 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.14 Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements:

Finance Leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

to the ownership of the leased item, are capitalized at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

Operating Leases

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

2.15 Earnings per Share

Basic earnings per share is computed by dividing the (loss)/profit after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the (loss)/profit after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Insurance claims

Insurance claims are accrued for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.17 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.18 Impairment of Assets

The carrying values of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****2.19 Provisions and Contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.20 Service Tax and Goods & Services Tax Input Credit

Service tax and Goods & Service Tax Input Credit is accounted for in the books in the period when the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the same.

2.21 Classification and Provisions of Loan Portfolio

- (a) Loans are classified into 'Performing and Non-Performing' assets in terms of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016, duly taking into account the requirements of Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2012, as amended.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 90 days
Non Performing Assets (NPA)	
Doubtful Assets	Overdue for 90 days and more
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

- (b) **Provisioning Norms for Loans - As Per RBI Guidelines** [*Non-Banking Financial Companies - Micro Finance Institutions (Reserve Bank) Directions, 2012, as amended*]
The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:
1% of the outstanding loan portfolio (or)
50% of the aggregate loan balances where instalments are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan balances where instalments are overdue for 180 days or more.
In addition, loss assets (overdue for more than 120 days) are fully provided for or charged off to the Statement of Profit and Loss.

2.22 Accounting for Grants

Grants relating to depreciable fixed assets are treated as deferred income over the useful life of the asset in proportion to which depreciation on the related assets is charged.

2.23 Provision for Credit Enhancements on Assets De-Recognised

Upto 31 March 2016, Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date. Effective 1 April 2016, the Management has re-evaluated the requirement of provision taking into account the past trend / history of delinquencies and the nature of the securitization transactions. Based on the same, no additional provision has been created with regard to the standard assets forming part of securitization transactions entered with effect from 1 April 2016.

2.24 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

3 Share capital

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount (Rs.)	Number of shares	Amount (Rs.)
(a) Authorised				
Equity shares of Rs.10/- each	40,000,000	400,000,000	30,000,000	300,000,000
Cumulative Redeemable Non-Convertible Preference shares of Rs.100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Total	41,000,000	500,000,000	31,000,000	400,000,000
(b) Issued, Subscribed and Fully Paid Up				
Equity shares of Rs.10/- each	32,074,860	320,748,600	26,276,636	262,766,360
Total	32,074,860	320,748,600	26,276,636	262,766,360

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Equity Shares	As at 31 March 2018		As at 31 March 2017	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
At the beginning of the year	26,276,636	262,766,360	26,276,636	262,766,360
Issued during the year	5,798,224	57,982,240	-	-
Outstanding at the end of the year	32,074,860	320,748,600	26,276,636	262,766,360

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates

Class of shares / Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Manappuram Finance Limited (the Holding Company)	28,992,800	90.39%	23,749,979	90.38%

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March 2018		As at 31 March 2017	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Equity Shares of Rs. 10 each				
Mr. S V Raja Vaidyanathan	2,741,866	8.54%	2,227,966	8.48%
Manappuram Finance Limited	28,992,800	90.39%	23,749,979	90.38%

(iv) Terms / Rights attached to Equity shares:

The Company has only one class of equity shares having a par value of Rs.10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. Dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

(v) Employees Stock Option Scheme [ESOP]

All the options granted by the company were exercised and there are no outstanding options pending exercise as at 31 March 2018 and 31 March 2017

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****4 Reserves and Surplus**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
(a) Securities Premium Account		
Opening balance	1,590,079,504	1,590,079,504
Add : Premium on shares issued during the year	494,820,456	-
Less : Utilised during the year	-	-
Closing Balance	2,084,899,960	1,590,079,504
(b) Statutory Reserve (Refer Note 4(i))		
Opening balance	167,996,547	99,332,948
Add: Additions during the year	-	68,663,599
Less: Utilised / transferred during the year	-	-
Closing Balance	167,996,547	167,996,547
(c) Capital Redemption Reserve		
Opening balance	50,000,000	50,000,000
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing Balance	50,000,000	50,000,000
(d) General Reserve	3,592,758	3,592,758
(e) Surplus in Statement of Profit and Loss		
Opening Balance	569,387,837	294,733,442
Add: (Loss)/Profit for the Year	(323,009,512)	343,317,994
Transfer to Statutory Reserve (Refer Note 4 (i) and Note 45)	-	(68,663,599)
Closing Balance	246,378,325	569,387,837
TOTAL (a+b+c+d+e)	2,552,867,590	2,381,056,646

Note :

(i) Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act ,1934.

5 Borrowings

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
- Term Loans from Banks (Secured) (Refer Note 5(ii) below)	9,593,124,926	6,259,655,849
Less : Current Maturities of Term Loans from Banks	5,303,875,182	3,653,286,486
Net	4,289,249,744	2,606,369,363
- Term Loan from Others (Secured) (Refer Note 5(ii) below)	3,101,578,535	3,998,460,047
Less : Current Maturities of Other Term Loans	1,820,823,808	1,924,098,423
Net	1,280,754,727	2,074,361,624
- Term Loan from Others (Unsecured) (Refer Note 5(ii) below)	750,000,000	-
Less : Current Maturities of Other Term Loans	250,000,000	-
Net	500,000,000	-

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
- Redeemable Non-Convertible Debentures (Secured) (Refer Note 5(iii) below)	5,361,666,669	3,560,000,000
Less : Current Maturities of Redeemable Non-Convertible Debentures	1,865,866,663	327,500,000
Net	<u>3,495,800,006</u>	<u>3,232,500,000</u>
- Redeemable Non-Convertible Debentures (Unsecured)		
- Sub Debt* (Refer Note 5(iii) below)	1,150,000,000	1,150,000,000
- Redeemable Non-Convertible Debentures (Unsecured) - Others	566,500,000	699,700,000
Less : Current Maturities of Redeemable Non-Convertible Debentures	299,866,667	133,200,000
Net	<u>1,416,633,333</u>	<u>1,716,500,000</u>
- Finance Lease Obligations (Refer Note 29.1)	9,551,211	9,268,836
Less : Current Maturities of Finance Lease Obligations	4,931,155	3,247,005
Net	<u>4,620,056</u>	<u>6,021,831</u>
TOTAL	<u>10,987,057,866</u>	<u>9,635,752,818</u>

*Sub Debt eligible for Tier-II Capital

(i) Security on Term Loans from Banks and Others

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans. Further, the Company has provided a specific lien on deposits with Banks (Refer (a) below) and also have deposits with other NBFCs for Term Loans (Refer (b) below)

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
a) Deposits with Banks & Others	490,991,643	599,326,427
b) Deposits with NBFCs	29,500,000	-
Total	<u>520,491,643</u>	<u>599,326,427</u>

(ii) Details of Terms of Repayment- Term Loans from Banks and Others

a) Current year

Particulars	As at 31 March 2018	Number of Remaining Instalments	Maturity (Rs.)	
			< 1 Year	> 1 Year
Base Rate+Spread	7,341,458,258	1 to 36	4,327,208,515	3,014,249,743
Fixed	6,103,245,203	1 to 23	3,047,490,475	3,055,754,728
TOTAL	<u>13,444,703,461</u>		<u>7,374,698,990</u>	<u>6,070,004,471</u>

b) Previous year

Particulars	As at 31 March 2018	Number of Remaining Instalments	Maturity (Rs.)	
			< 1 Year	> 1 Year
Base Rate+Spread	6,159,655,849	1 to 36	3,553,286,486	2,606,369,363
Fixed	4,098,460,047	1 to 32	2,024,098,423	2,074,361,624
TOTAL	<u>10,258,115,896</u>		<u>5,577,384,909</u>	<u>4,680,730,987</u>

(iii) Details of Debentures - Secured and Unsecured, Redeemable Non-convertible Debentures - Redeemable at par

The Company has allotted 2,000 (Previous Year - 6,000) Unsecured and 500 (Previous Year - 1,883) Secured Redeemable Non-convertible Debentures (NCDs) as at 31 March 2018. The NCDs are secured by charge on specific loans and receivables of the Company.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

No. of Debentures	Face value Amount (Rs.)	Interest Rate	Due date of redemption	No. of instalments as at 31 March 2018	As at 31 March 2018 Amount (Rs.)	As at 31 March 2017 Amount (Rs.)
750	1,000,000	11.35%	1-Jul-22	18	375,000,002	750,000,000
2500	100,000	11.45%	19-Mar-19	2	150,000,000	250,000,000
1500	100,000	11.45%	19-Apr-19	3	150,000,000	150,000,000
700	1,000,000	13.25%	29-Mar-21	1	700,000,000	700,000,000
330	1,000,000	13.25%	1-May-21	1	330,000,000	330,000,000
100	1,000,000	14.50%	1-Dec-20	1	100,000,000	100,000,000
15	10,000,000	13.50%	12-Jul-19	1	150,000,000	150,000,000
25	10,000,000	13.50%	12-Jul-22	1	250,000,000	250,000,000
500	1,000,000	13.00%	1-Dec-22	1	500,000,000	500,000,000
350	1,000,000	13.00%	1-Jul-22	1	350,000,000	350,000,000
150	1,000,000	13.00%	1-Jul-22	1	150,000,000	150,000,000
150	1,000,000	13.00%	1-Jun-23	1	150,000,000	150,000,000
333	1,200,000	12.80%	1-Jul-19	5	166,500,000	299,700,000
400	1,000,000	12.25%	9-Aug-19	2	260,000,000	400,000,000
500	1,000,000	12.84%	19-Aug-19	1	500,000,000	500,000,000
380	1,000,000	12.00%	1-Nov-19	1	380,000,000	380,000,000
1000	1,000,000	12.30%	9-Aug-23	1	1,000,000,000	-
1000	1,000,000	11.55%	27-Nov-20	11	916,666,667	-
1000	1,000,000	12.00%	31-Mar-21	12	500,000,000	-
			Total		7,078,166,669	5,409,700,000

6 Short - Term Borrowings

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Cash Credit from Bank - Secured (Refer Note 6.1 Below)	-	249,916,864
Commercial Paper - Unsecured (Refer Note 6.2 Below)	150,000,000	-
TOTAL	150,000,000	249,916,864

6.1 Details of Cash Credit from Bank - Secured

- (a) The cash credit facility is secured by hypothecation of specified Receivables under Financing Activities
(b) The Company has not defaulted in the repayment of dues to Bank.
(c) The details of interest rate, tenor, repayment terms of the Short Term Borrowings are as follows:

Repayment Terms	Interest Rate	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Repayable on Demand	9.50%	-	249,916,864

6.2 (i) Details of Commercial Paper - Unsecured

As at 31 March 2018	Rate of interest	Terms of repayments
Issued to Others (Credit Suisse)	9%	60 Days

(ii) Details of Commercial Paper issued/repaid during the previous year ended 31 March 2017

Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction	Redemption Date
Sundaram Ultra Short Term Fund	84	9.90%	7-Oct-16	30-Dec-16
Royal Sundaram General Insurance Company	84	9.90%	7-Oct-16	30-Dec-16
Invesco Trustee Private Limited	89	9.35%	27-Oct-16	24-Jan-17

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****(iii) Details of Commercial Paper issued/repaid during the current year ended 31 March 2018**

Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction	Redemption Date
Caspian Impact Investments	120	9.00%	20-Sep-17	18-Jan-18
Caspian Impact Investments	120	9.00%	20-Sep-17	18-Jan-18
Utkarsh Small Finance Bank	100	9.00%	20-Nov-17	28-Feb-18
Au Small Finance Bank	91	9.00%	5-Dec-17	6-Mar-18
Credit Suisse	60	9.00%	15-Mar-18	14-May-18

7 Trade Payables

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Trade Payables - Other than Acceptances		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 31)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	103,585,795	83,514,875
TOTAL	103,585,795	83,514,875

8 Other Current Liabilities

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Current Maturities of Long Term Debt (Refer Note 5)		
- From Banks	5,303,875,182	3,653,286,486
- From Others	2,070,823,808	1,924,098,423
- From Debentures	2,165,733,330	460,700,000
Current Maturities of Finance Lease Obligation (Refer Note 5)	4,931,155	3,247,005
Gratuity (Refer Note 26.2)	-	7,267,480
Interest accrued but not due on Borrowings	329,231,433	168,487,497
Income Received in Advance (Documentation fees)	200,160,248	113,477,877
Other Payables:		
- Statutory Payables	32,780,946	23,145,091
- Other Payables*	52,556,883	27,775,594
- Advances from Customers	15,567,762	-
TOTAL	10,175,660,747	6,381,485,453

*Includes Insurance Claims Payable to Customers Rs. 4,638,649 as at 31 March 2018 and Rs. 5,543,266 as at 31 March 2017.

9 Provisions

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences (Refer Note 26.3)	18,429,234	13,959,743
Provision - Others:		
- Provision for Receivables under Financing Activities (Refer Note 33)	716,426,727	568,299,074
- Provision for Credit Enhancement on Assets Derecognised	-	692,314
- Provision for Taxation (Net of Advance Tax and Tax Deducted at Source Rs. 651,952,242) (As at 31 March 2017 Rs. 531,103,691)	356,794	42,058,144
TOTAL	735,212,755	625,009,275

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****9 (i) Long Term Provisions**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences	13,766,529	11,949,624
Provision - Others:		
- Provision for Receivables under Financing Activities	41,949,755	78,918,572
TOTAL	55,716,284	90,868,196

9 (ii) Short Term Provision

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Provision for Employee Benefits:		
- Compensated Absences	4,662,705	2,010,119
Provision - Others:		
- Provision for Receivables under Financing Activities	674,476,972	489,380,502
- Provision for Credit Enhancement on Assets Derecognised	-	692,314
- Provision for Taxation (Net of Advance Tax and Tax Deducted at Source Rs. 651,952,242) (As at 31 March 2017 Rs. 531,103,691)	356,794	42,058,144
TOTAL	679,496,471	534,141,079

11 Non-Current Investments

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Non Trade Investments - Unquoted		
50,000 Equity Shares of Alpha Micro Finance Consultants Private Limited of Rs 10/- each	500,000	500,000
TOTAL	500,000	500,000
Aggregate amount of Unquoted Investments	500,000	500,000

12 Deferred Tax Assets (Net)

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Deferred Tax Asset		
Provision for Receivables under Financing Activities	246,098,256	192,422,212
Provision for Credit Enhancement on Assets Derecognised	-	239,596
Disallowances under Section 43B of the Income Tax Act, 1961	-	5,731,654
Employee Benefits	15,491,924	12,156,361
Difference between depreciation as per Books of Account and Income Tax Act, 1961	19,910,654	11,263,748
Carried forward business loss	114,346,053	-
Provision for Fraud Insurance Claim Receivable	2,257,013	-
Net Deferred Tax Asset	398,103,900	221,813,571

Asirvad Microfinance Limited
Notes forming part of the financial statements for the year ended 31 March 2018

10 Fixed Assets

A. Current Year Ended 31 March 2018 (Owned, unless otherwise stated)

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 1 April 2017	Additions	Disposals	Balance as at 31 March 2018	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	Balance as at 31 March 2018	Balance as at 31 March 2017
A	Intangible Assets - Acquired									
1	Software	4,812,959	4,840,161	-	9,653,120	2,230,825	-	309	6,342,638	700,837
	Total (A)	4,812,959	4,840,161	-	9,653,120	2,230,825	-	309	6,342,638	700,837
B	Intangible Assets under development									
1	CWIP - Software	-	8,801,672	4,778,126	4,023,546	-	-	-	-	-
	Total (B)	-	8,801,672	4,778,126	4,023,546	-	-	-	4,023,546	-
C	Tangible Assets									
1	Land	864,300	-	-	864,300	-	-	-	-	864,300
2	Computers	42,073,365	54,774,557	149,499	96,698,423	35,136,079	-	316,794	65,054,553	11,838,097
3	Furnitures & Fixtures	23,071,615	6,124,276	16,108	29,179,783	12,931,632	-	103,784	20,867,347	10,139,983
4	Leasehold Improvements	-	96,600	-	96,600	77,480	-	-	77,480	19,120
5	Office Equipments	24,420,948	4,739,822	44,667	29,116,103	15,927,555	-	17,007	23,948,588	8,493,393
6	Vehicles									
	- Owned	21,905,929	-	11,027,547	10,878,382	6,430,403	8,116,650	-	9,083,227	1,795,155
	- Taken under Finance Lease	18,876,183	10,426,954	5,879,343	23,423,794	3,641,390	1,347,343	133,253	7,475,511	13,561,466
	Total (C)	131,212,340	76,162,209	17,117,164	190,257,385	61,362,891	9,463,993	570,838	126,506,706	56,033,694
	Total (A+B+C)	136,025,299	89,804,042	21,895,290	203,934,051	63,593,716	9,463,993	571,147	132,849,344	56,734,531

Asirvad Microfinance Limited
Notes forming part of the financial statements for the year ended 31 March 2018

10 Fixed Assets

B. Previous Year ended 31 March 2017

Amount in Rs.

S.No.	Description	Gross Block			Accumulated Depreciation and Amortisation				Net Block		
		Balance as at 1 April 2016	Additions	Disposals	Balance as at 31 March 2017	Balance as at 1 April 2016	For the year	Eliminated on Disposal of Assets	Depreciation Adjustments	Balance as at 31 March 2017	Balance as at 31 March 2016
A	Intangible Assets - Acquired										
1	Software	3,932,309	880,650	-	4,812,959	3,932,309	179,813	-	-	4,112,122	700,837
	Total (A)	3,932,309	880,650	-	4,812,959	3,932,309	179,813	-	-	4,112,122	700,837
B	Tangible Assets										
1	Land	-	864,300	-	864,300	-	-	-	-	-	864,300
2	Computers	18,175,281	23,898,084	-	42,073,365	11,353,469	18,881,799	-	-	30,235,268	11,838,097
3	Furnitures & Fixtures	11,002,814	12,068,801	-	23,071,615	6,244,421	6,687,211	-	-	12,931,632	10,139,983
4	Office Equipments	12,160,048	12,645,891	384,991	24,420,948	7,949,308	8,321,707	343,460	-	15,927,555	8,493,393
5	Vehicles										
	Owned	21,905,929	-	-	21,905,929	5,350,617	5,418,857	-	-	10,769,474	11,136,455
	Taken under Finance Lease	4,073,143	14,803,040	-	18,876,183	3,242,500	2,072,217	-	-	5,314,717	13,561,466
	Total (B)	67,317,215	64,280,116	384,991	131,212,340	34,140,315	41,381,791	343,460	-	75,178,646	56,033,694
	Total (A+B)	71,249,524	65,160,766	384,991	136,025,299	38,072,624	41,561,604	343,460	-	79,290,768	56,734,531

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

13 Long-Term Loans and Advances - Unsecured, Considered Good

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Capital Advances	909,169	3,471,090
Advance tax (Net of Provisions for taxation)	82,099,766	-
Security deposits	3,066,980	4,872,700
Loans and advances to employees	240,081	114,964
TOTAL	86,315,996	8,458,754

14 Other Non-Current Assets

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Lien Marked Deposits with Banks (Maturity after 12 months) (Refer Note 16)	261,318,629	352,518,144
Interest accrued on Deposits with Banks / Others	15,474,556	21,552,264
Deposit under Pradhan Mantri Garib Kalyan Yojna (PMGKY)	1,500,000	1,500,000
Prepaid Finance Charges	50,565,009	59,151,833
Gratuity (Refer Note 26.2)	2,634,244	-
TOTAL	331,492,438	434,722,241

15 Receivables under Financing Activity

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Unsecured		
Microfinance loans (Refer Note below)	20,391,249,630	16,657,785,449
Instalments and Other Dues from Borrowers	731,248,687	574,544,729
Secured		
Business loans	23,654,509	26,819,219
Instalments and Other Dues from Borrowers	9,275,573	4,721,635
TOTAL	21,155,428,399	17,263,871,032
Note:		
Of the above:		
- Considered Good (Standard Assets)	20,595,460,558	16,461,622,647
- Others (Doubtful and Loss Assets under Financing Activities as per Company's Provisioning Norms) (Refer Note 9 for Provision for Receivables under Financing Activities)	559,967,841	802,248,385

Note :

The above includes Microfinance Loans Subordinated as Credit Enhancement on Assets Derecognised amounting to Rs.516,400,236 (Previous year: Rs.44,475,889)

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****15.1 Receivables under Financing Activity - Current**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Microfinance Loans	19,198,834,463	14,277,713,729
Business Loans	5,950,092	9,491,191
Instalments and Other Dues from Borrowers (Refer Note 9 (ii) for Provision for Receivables under Financing Activities)	740,524,260	579,266,364
TOTAL	19,945,308,815	14,866,471,284

15.2 Receivables under Financing Activity - Non-Current

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Microfinance Loans	1,192,415,167	2,380,071,720
Business Loans (Refer Note 9 (i) for Provision for Receivables under Financing Activities)	17,704,417	17,328,028
TOTAL	1,210,119,584	2,397,399,748

16 Cash and Bank Balances

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Cash and Cash Equivalents		
- Cash on hand	3,632,708	55,843,874
- Balances with Banks		
- In Current Accounts	861,556,783	653,354,291
- In Deposit Accounts - Free of Lien	1,037,434,729	300,000,000
- In Deposit Accounts - Under Lien (Refer Note 16.2 below)	857,044,191	682,439,075
Less: Amount disclosed under Other Non-Current Assets	(261,318,629)	(352,518,144)
	595,725,562	329,920,931
TOTAL	2,498,349,782	1,339,119,096

16.1 Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is 1,902,624,220 1,009,198,165

16.2 Deposit under lien represents:

Deposits amounting to Rs. 532,991,643 (As at 31 March 2017 Rs. 599,326,427) with respect to the Term Loans obtained by the Company from Banks and Others.

Deposits amounting to Rs. 324,052,548 (As at 31 March 2017 Rs. 83,112,648) placed as credit enhancement (cash collateral) towards Assets De-recognised.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

17 Short-Term Loans and Advances (Unsecured, Considered Good)

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Security Deposits	30,749,485	30,733,579
Loans and Advances to Employees	5,106,304	2,753,166
Advance to Vendors	3,531,180	1,447,607
Balances with Government Authorities - GST Input Credit	413,952	750,385
TOTAL	<u>39,800,921</u>	<u>35,684,737</u>

18 Other Current Assets

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Interest accrued on Deposits with Banks / Others	45,097,008	28,551,344
Interest accrued but not due on Receivable from Financing Activities	205,609,479	134,788,804
Prepaid Finance Charges	61,542,756	60,023,654
Other Prepaid Expenses	8,919,530	6,188,900
Other Receivables	122,888,437	29,045,627
TOTAL	<u>444,057,210</u>	<u>258,598,329</u>

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

19 Revenue from Operations

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Interest Income from Loan:		
Interest on Loan- Microfinance Loans	3,870,230,367	3,053,771,972
Interest on Loan- Business Loans / SME Loans	6,350,372	5,455,666
	3,876,580,739	3,059,227,638
Other Operating Revenue:		
Loan Processing Fee - Microfinance loans	187,736,414	159,125,947
Loan Processing Fee - Business loans	142,250	250,115
Interest income - on Deposits with Banks and Financial Institutions	58,461,614	49,099,463
Interest Spread on Securitization	221,568,912	158,762,303
Loss Assets Recovered	28,060,890	1,765,919
	495,970,080	369,003,747
TOTAL	4,372,550,819	3,428,231,385

20 Other Income

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in
Gain on Sale of Current Investments in Mutual Funds	19,593,956	11,856,409
Reversal of Provision for Credit Enhancement on Assets De-recognised	692,314	13,086,511
Other Non-Operating Income:		
- Marketing Commission	283,647,571	178,408,911
- Commission	-	292,580
- Miscellaneous Income	6,797,904	2,321,688
TOTAL	310,731,745	205,966,099

21 Finance Cost

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Interest Expense on Borrowings:		
- Term Loans	1,246,161,774	979,756,959
- Debentures	760,576,006	461,663,556
- Commercial Paper	15,821,730	19,027,099
- Cash Credit	1,067,919	286,301
- Others:		
- Interest Expenses on Finance Lease Obligations	1,416,311	360,151
- Interest on Delayed Payment of TDS/Income Tax	6,804,395	481,368
Other Borrowing Costs:		
- Loan Processing Fees (Refer Note 21.1)	71,088,206	57,774,007
- Bank Charges	35,475,148	23,376,795
TOTAL	2,138,411,489	1,542,726,236

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018**

21.1 Upto 31 March 2016, the Company was amortising the processing fees and other finance charges, representing ancillary cost incurred in connection with the arrangement of borrowings; on a straight line basis over the tenure of underlying receivables built out of such borrowings. Effective 1 April 2016, the Company has changed its accounting policy for amortisation of borrowing cost to amortise it over the tenure of underlying borrowings. Had the Company continued with the earlier accounting policy for the year ended 31 March 2017, the Profit before Tax for the year ended 31 March 2017, as estimated by the Management, would have been lower by Rs. 24,509,687.

Consequent to the change in accounting policy, the Company had written back excess processing fee amortised as of 31 March 2016 amounting to Rs. 11,988,531 during the previous year ended 31 March 2017.

22 Employee Benefits Expenses

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Salaries and Wages	822,179,715	579,279,908
Contributions to Provident and Other Funds (Refer Note 26.1 and 26.2)	59,689,353	41,827,509
Staff Welfare Expenses (Refer Note 26.1)	38,220,238	29,836,097
TOTAL	920,089,306	650,943,514

23 Provisions and Other Losses

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Provision for Receivables under Financing Activities	1,583,145,329	522,163,062
Loss Assets Written off	1,435,017,676	42,394,420
Less : Release from Provision for Receivables Under Financing Activities	(1,435,017,676)	(42,394,420)
TOTAL	1,583,145,329	522,163,062

24 Other Expenses

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Electricity	7,609,329	3,300,135
Rent including Lease Rentals (Refer Note 29)	94,328,151	60,364,195
Repairs and Maintenance	6,451,550	4,657,439
Insurance	5,649,505	8,713,875
Rates and Taxes	1,724,871	9,344,385
Communication Expenses	23,809,710	13,221,617
Travel and Conveyance	170,935,836	113,497,857
Printing and Stationery	27,786,429	33,202,816
Directors' Sitting Fees	1,441,845	1,499,813
Commission to Directors	-	3,000,000
Business Promotion	1,011,730	1,015,500
Donations and Contributions (Refer Note 44)	6,950,000	4,000,000
Legal and Professional Fees	35,078,840	32,118,721
Provision for Insurance Claim Receivable	13,650,686	-
Subscription Charges	152,775	9,750,444
Software Costs	42,147,832	33,748,956
Security Charges	624,494	654,342
House Keeping Expenses	10,111,895	4,505,806
Office Expenses	2,275,727	2,876,674
Loss on Sale of Fixed Assets	507,499	-
Payments to Statutory Auditors' (net of input tax credit)		
- Statutory Audit	1,800,000	1,800,000
- Tax Audit	200,000	200,000
- Other Services including Limited Review and Certificates	650,000	1,000,000
Miscellaneous Expenses	22,443,861	11,253,077
TOTAL	477,342,565	353,725,652

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018**

25 As per RBI guidelines on Securitisation DNBR (PD) CC. No.002/03.10.001/2014-15 dated November 10, 2014 the details of securitisation are given below:

Particulars	31 March 2018 Numbers/Amount (Rs.)	31 March 2017 Numbers/Amount (Rs.)
No of SPVs sponsored by the NBFC for securitisation transactions	9	5
Total amount of securitised assets as per books of the SPVs Sponsored	3,198,753,313	741,838,918
Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others		
b) On-balance sheet exposures		
First loss	324,052,548	83,112,648
Others		
Amount of exposures to securitisation transactions Other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own securitizations		
First loss	-	-
Loss	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party securitisations		
First loss	-	-
Others	-	-

25.1 Details of Financial Assets sold to Securitisation Company

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Total number of loan assets securitized during the year	370,839	125,860
Book value of loan assets securitized during the year	5,489,561,703	1,717,779,175
Sale consideration received during the year	4,973,161,467	1,673,303,286
MFI Loans Subordinated as Credit Enhancement on Assets Derecognised	516,400,236	44,475,889
Gain / (loss) on the securitization transaction recognised in P&L	-	1,069,431
Gain / (loss) on the securitization transactions deferred	-	-
Quantum of Credit Enhancement provided on the transactions in the form of deposits	324,052,548	83,112,648
Quantum of Credit Enhancement as at year end	324,052,548	63,101,511
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	221,568,912	158,762,303

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****26 Employee Benefits****26.1 Defined Contribution Plan**

The Company makes provident fund contribution which is defined contribution plan, for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 48,311,510 (Year Ended 31 March 2017 - Rs. 38,086,176) for Provident Fund contributions, included as a part of contribution to provident fund and other funds in Note 22 Employees Benefit Expenses. The Company recognised Rs. 24,252,934 (Year Ended 31 March 2017 - Rs. 15,665,096) for Employee State Insurance Scheme contributions, included as a part of staff welfare in Note 22 Employees Benefit Expenses. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

26.2 Defined Benefit Plans

The Company has a funded gratuity scheme with LIC for its employees as at 31 March 2018. The premium payable to LIC is accounted for in the Statement of Profit and Loss and the details for the current financial year are given as under:

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	16,744,410	7,348,819
Current Service Cost	19,638,677	9,178,242
Past Service Cost	986,365	-
Interest cost	1,352,690	569,533
Benefits Paid	(580,191)	-
Actuarial (Gains)	(11,615,569)	(352,184)
Present value of Defined Benefit Obligation at End of the Year	26,526,382	16,744,410
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	9,476,930	8,714,418
Expected Return on Plan Assets	1,681,440	762,512
Actual Company Contributions	21,279,567	182,369
Benefits Paid Out of the Assets	(580,191)	(182,369)
Actuarial Gain / (Loss)	(2,697,121)	-
Plan Assets at End of the Year	29,160,625	9,476,930
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	26,526,381	16,744,410
Fair Value of Plan Assets	29,160,625	9,476,930
Net Asset/(Liability) Recognised in the Balance Sheet	2,634,244	(7,267,480)
Cost of Defined Benefit Plan for the Year		
Current Service Cost	19,638,677	9,178,242
Past Service Cost	986,365	-
Interest Cost	1,352,690	569,533
Expected Return on Plan Assets	(1,681,440)	(762,512)
Net Actuarial Gains	(8,918,449)	(352,184)
Net Cost Recognized in the Statement of Profit and Loss	11,377,843	8,633,079
Assumptions		
Discount Rate (Refer Note (b))	7.67%	7.25%
Interest Rate (Rate of Return on Assets)	8.75%	8.75%
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Attrition rate (Refer Note (a))	16.00%	16.00%

Notes:

- a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018**

- b) Discount rate is the prevailing market yields used by LIC for similar computations.
- c) The entire Plan Assets are managed by the Life Insurance Corporation of India (LIC). The details with respect to the composition of investments in the fair value of Plan Assets have not been disclosed in the absence of the necessary information.
- d) In the absence of the relevant information from the actuary, no disclosure has been made for experience adjustments.

26.3 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Assumptions:		
Discount Rate	7.60%	7.75%
Future Salary Increase	10.00%	10.00%
Attrition rate	16.00%	16.00%

27 Segment Reporting

The Company is primarily engaged in the business of Micro financing. All the activities of the Company revolve around the main business. 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".

28 Related Party Transactions**28.1 Names of Related Parties and Nature of Relationship**

Description of Relationship	As at 31 March 2018	As at 31 March 2017
Key Management Personnel	Mr. S V Raja Vaidyanathan Managing Director	Mr. S V Raja Vaidyanathan Managing Director
	Mr. Mayank Shyam Thatte Chief Financial Officer (From 06.02.2018)	Mr. R. Govindarajan Chief Financial Officer
	Mr. Ramachandran S Chief Financial Officer (From 07.08.2017 to 06.02.2018)	
	Mr. R. Govindarajan Chief Financial Officer (Till 05.08.2017)	
	Ms. S.Simi Company Secretary	Ms. S.Simi Company Secretary
Holding Company	Manappuram Finance Limited	Manappuram Finance Limited
Entities where Company has control	Asirvad Development Foundation	Asirvad Development Foundation

Note: Related party relationships are as identified by the Management.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****28.2 Transactions with the Related Parties**

Transaction	Related Party	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Expenses			
Loan Processing Fees	Manappuram Finance Limited	-	784,932
Interest paid on Term Loan		-	19,728,462
Remuneration to Key Managerial Personnel	Mr. S V Raja Vaidyanathan Managing Director	21,900,001	20,300,004
	Mr. Mayank Shyam Thatte Chief Financial Officer (From 06.02.2018)	727,204	-
	Mr. Ramachandran S Chief Financial Officer (From 07.08.2017 to 06.02.2018)	2,322,665	-
	Mr. R. Govindarajan Chief Financial Officer (Till 05.08.2017)	1,146,208	3,273,885
	Ms. Simi SS	992,512	786,538
Donation	Company Secretary Asirvad Development Foundation	6,950,000	4,000,000

Transaction	Related Party	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Other Transactions			
Loan Received	Manappuram Finance Limited	-	750,000,000
Repayment of Term Loan		-	750,000,000
Balance as at Year End			
Other Receivable	Manappuram Finance Limited	3,588,356	3,588,356
Donation Payable	Asirvad Development Foundation	-	2,000,000

Note:

- (a) The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2018 and 31 March 2017 there are no further amounts payable to / receivable from them, other than as disclosed above.

29 Operating Leases

The Company has operating lease agreements primarily for office space, the lease terms of which are for a period of 3 years. For the year ended 31 March 2018, an amount of Rs. 6,559,686 (Previous Year Rs. 4,001,114) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Less than One Year	4,925,308	6,651,292
One Year to Five Years	2,716,040	7,641,348
Later than Five Years	-	-

Other Operating leases agreements entered into by the company are cancellable at the option of the Company and hence do not require disclosure under Accounting Standard 19 on Leases.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018**

29.1 Financial lease comprises lease of vehicles for which the future cash flows are disclosed below:

Particulars	Rentals (Rs.)		Present Value (Rs.)	
	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Rentals payable under Hire purchase agreement				
- Within one year	5,687,832	4,050,335	5,687,832	4,050,335
- Later than one year and not later than five years	4,857,262	6,567,995	4,857,262	6,567,995
Less: Future finance charges	993,884	1,349,493	993,884	1,349,493
Total	9,551,210	9,268,837	9,551,210	9,268,837

30 Earnings Per Share

Particulars	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
(Loss)/Profit after Tax - Rs.	(323,009,512)	343,317,994
Weighted Average Number of Equity Shares	27,865,191	26,276,636
Earnings Per Share		
- Basic - in Rs.	(11.59)	13.07
- Diluted - in Rs.	(11.59)	13.07
Face Value Per Share - in Rs.	10.00	10.00

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

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2018 and 31 March 2017 are furnished below:

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
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.	-	-

Note:

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.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****32 Commitments and Contingencies**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Contingent Liabilities:		
Income Tax		
- Income Tax (A.Y. 2011-12)	-	40,808,130
- Income Tax (A.Y. 2014-15)	-	959,630
- Income Tax (A.Y. 2015-16)	112,449,890	-
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for:		
- Intangible Assets	2,035,260	875,000

Income Tax (A.Y. 2011-12) & (A.Y.2014-15)

The Company had received an Assessment order u/s. 148 for the AY 2011-12 with a demand of Rs. 40,808,130 by taxing the receipt of share premium amount received by the Company as unexplained cash credits. Further, the Company had also received an Assessment Order u/s. 143(3) for the AY 2014-15 with a demand of Rs. 959,630 disallowing ESOP expenses, interest expenses incurred to earn exempted income and penalties & fines.

However during the year the Company has paid an amount of Rs. 8,352,752 being 20% of the total demand for the above two cases and the same has been disclosed as part of Advance Tax. Also Refer Note 13.

The Company had filed appeals against the above with the Commissioner of Income Tax - Appeals and the Company has received a favourable order vide their order dated 30 April 2018. Based on professional advice. Management's assessment of the above demand, the company expects a favourable order decision in respect of the above demand and hence no specific provisions has been considered for the above claim.

Income Tax (A.Y. 2015-16)

During the current year, the Company has received an Assessment order under Section 143(3) for the AY 2015-16 with a demand of Rs. 112,449,890 by taxing the receipt of share premium amount received by the Company as unexplained cash credits, expense claimed towards employee stock option scheme and disallowance of depreciation under Section 32 of the Income Tax Act, 1961.

The Company has filed appeals against the above with the Commissioner of Income Tax - Appeals. Based on professional advice, the company strongly believe that case will be decided in their favour and hence no provision has been considered. However during the year the Company has paid an amount of Rs. 22,489,978 being 20% of the total demand and the same has been disclosed as part of Advance Tax. Also Refer Note 13.

Considering the fact that, the ground of order received for AY 2015-16 is similar to order received for AY 2011-12 and AY 2014-15 for which the Company has received favourable order from CIT(A), the Company expects a favourable order to received for AY 2015-16 also. Further, outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Company's rights for future appeals.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

33 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year

Asset Classification	Loan Outstanding as at 31 March 2018 (Gross) Amount in Rs.	Provision as at 31 March 2018 Amount in Rs.	Loan Outstanding as at 31 March 2018 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	23,804,415,002	205,792,601	23,598,622,401
Non - Performing Assets	57,610,206	630,769	56,979,437
Loss Assets	510,003,357	510,003,357	-
Total	24,372,028,565	716,426,727	23,655,601,838

(b) Previous Year

Asset Classification	Loan Outstanding as at 31 March 2017 (Gross) Amount in Rs.	Provision as at 31 March 2017 Amount in Rs.	Loan Outstanding as at 31 March 2017 (Net) Amount in Rs.
Receivables under Financing Activities			
Standard Assets	16,461,622,647	-	16,461,622,647
Non - Performing Assets	467,898,625	233,949,314	233,949,311
Loss Assets	334,349,760	334,349,760	-
Total	17,263,871,032	568,299,074	16,695,571,958

34 Changes in Provisions

(a) Current Year

Particulars	As at 1 April 2017	Provision for the Year	Utilization/ Reversal	As at 31 March 2018
Provision for Receivables under Financing Activities	568,299,074	1,583,145,329	1,435,017,676	716,426,727
Provision for Credit Enhancements on Assets De-Recognised	692,314	-	692,314	-
Total	568,991,388	1,583,145,329	1,435,709,990	716,426,727

(b) Previous Year

Particulars	As at 1 April 2016	Provision for the Year	Utilization/ Reversal	As at 31 March 2017
Provision for Receivables under Financing Activities	88,530,432	522,163,062	42,394,420	568,299,074
Provision for Credit Enhancements on Assets De-Recognised	13,778,825	-	13,086,511	692,314
Total	102,309,257	522,163,062	55,480,931	568,991,388

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****35 Disclosure Pursuant to Reserve Bank of India Notification DNBR (PD) CC No. 002/03.10.001/2014-15 dt. 10 November 2014****35.1 Customer Complaints**

(a)	No. of complaints pending as on 1 April 2017	0
(b)	No. of complaints received during the year	1808
(c)	No. of complaints redressed during the year	1808
(d)	No. of complaints pending as on 31 March 2018	0

35.2 Details of Registration with Financial Regulators

S.No	Regulator	Registration No.
1	Ministry of Company Affairs	CIN:U65923TN2007PLC064550
2	Reserve Bank of India	N-07-00769 dated 4 October 2013

35.3 Ratings assigned by Credit Rating Agencies

Particulars	As at 31 March 2018	As at 31 March 2017
Commercial paper	CRISIL A1+/Stable	CRISIL A1+/Stable
Long Term Bank Facilities	CRISIL A+/Stable	CRISIL A+/Stable
	ICRAA (Stable)	ICRAA (Stable)
Long term Non-Convertible Debentures	CRISIL A+/Stable	CRISIL A+/Stable
	CARE A+	CARE A+
MFI Grading	MFI 1 (MFI One) - CARE	MFI 1 (MFI One) - CARE
Subordinated Debt	CRISIL A+ Stable	CRISIL A+ Stable

35.4 Concentration of Advances, Exposures and NPA's

Particulars	As at 31 March 2018	As at 31 March 2017
Total Advances and Exposures to twenty largest borrowers	Refer Note below	Refer Note below
Total Exposure to top four NPA accounts	Refer Note below	Refer Note below
Percentage of Advances and Exposures to twenty largest borrowers to Total Advances of the NBFC	Refer Note below	Refer Note below

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 20,000 to Rs. 35,000 to women engaged in various income generating activities. As at 31 March 2018, the Company has provided loans to more than 15 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

35.5 Sector-wise NPAs as on 31 March 2018

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2018	Percentage of NPAs to Total Advances in that sector as on 31 March 2017
1	Agriculture & allied activities	1.65%	2.62%
2	MSME	2.88%	5.64%
3	Corporate borrowers	NA	NA
4	Services	NA	NA
5	Unsecured personal loans	NA	NA
6	Auto loans (commercial vehicles)	NA	NA
7	Other loans	NA	NA

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****35.6 Provisions and Contingencies (shown under the head Expenditure in Statement of Profit and Loss :**

Particulars	For the Year Ended 31 March 2018 Amount in Rs.	For the Year Ended 31 March 2017 Amount in Rs.
Provision for Receivables under Financing Activities	1,583,145,329	522,163,062
Provision for Income Tax (excluding deferred tax)	-	359,000,000

35.7 Movement of NPAs

Sl.No	Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
(i)	Net NPAs to Net Advances (%)	0.23%	1.36%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	802,248,385	9,706,093
	(b) Additions during the year	1,200,382,854	834,936,712
	(c) Reductions during the year	(1,435,017,676)	(42,394,420)
	(d) Closing balance	567,613,563	802,248,385
(iii)	Movement of Net NPAs		
	(a) Opening balance	233,949,311	7,183,900
	(b) Additions during the year	-	226,765,411
	(c) Reductions during the year	(176,969,874)	-
	(d) Closing balance	56,979,437	233,949,311
(iv)	Movement of provisions for receivables under financing activities		
	(a) Opening balance	568,299,074	88,530,432
	(b) Provisions made during the year	1,583,145,329	522,163,062
	(c) Write-off / write-back of excess provisions	(1,435,017,676)	(42,394,420)
	(d) Closing balance	716,426,727	568,299,074

35.8 During the year there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding or entire outstanding whichever is higher.

35.9 During the year company has not given any advances with intangible collateral such as charge over the rights, licenses, authority etc.

35.10 Registration Obtained from Other Financial Sector Regulators

During the year the company has not obtained any registrations from other financial regulators.

35.11 Penalties Imposed by RBI and Other Regulators

No penalties imposed by RBI or Other Regulators.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****35.12 Investments**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Value of Investments		
(i) Gross Value of Investments		
(a) In India	500,000	500,000
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	500,000	500,000
(b) Outside India.	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess	-	-
(iv) Closing balance	-	-

35.13 Derivatives:

The Company has no transactions / exposure in derivatives in the current year and previous year.

36 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1 August 2008**Capital Adequacy Ratio**

Particulars	As at 31 March 2018 Amount in Rs.	As at 31 March 2017 Amount in Rs.
Tier I Capital	2,211,683,738	2,385,019,418
Tier II Capital	1,011,405,842	1,119,408,431
Total Capital	3,223,089,580	3,504,427,849
Total Risk Assets	21,224,196,176	17,015,007,953
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	10.42%	14.02%
Tier II Capital as a percentage of Total Risk Assets (%)	4.77%	6.58%
Total Capital (%)	15.19%	20.60%

36.1 Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2018 and as at 31 March 2017.

36.2 Exposure to Capital Market

The Company does not have any exposure to Capital market as at 31 March 2018 and 31 March 2017.

Asirvad Microfinance Limited
Notes forming part of the financial statements for the year ended 31 March 2018

36.3 Asset Liability Management

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2018:

Particulars	1 day to 30 - 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	412,140,645	405,836,533	327,902,745	1,475,603,746	2,682,391,513	4,074,673,628	214,576,116	-	9,593,124,926
Market Borrowings	130,323,260	485,206,473	395,979,845	869,201,788	2,505,845,771	5,543,188,066	1,000,000,000	150,000,000	11,079,745,203
Assets									
Advances (Micro Finance Loans)	1,990,259,842	1,714,725,545	1,489,700,139	4,723,389,123	7,484,874,802	3,815,814,995	-	-	21,218,764,446
Investments	-	-	-	-	-	-	-	500,000	500,000

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2017:

Particulars	1 day to 30 - 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	272,221,322	308,908,883	279,432,235	904,376,266	1,887,673,927	2,840,293,395	16,666,685	-	6,509,572,713
Market Borrowings	103,742,940	119,864,951	199,210,528	842,249,418	1,119,730,554	4,337,361,656	1,266,000,000	1,420,000,000	9,408,160,047
Assets									
Advances (Micro Finance Loans)	1,785,896,487	1,435,581,929	1,431,473,393	3,974,317,455	6,093,425,679	2,541,630,539	1,545,550	-	17,263,871,032
Investments	-	-	-	-	-	-	-	500,000	500,000

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

37 Disclosure Pursuant to paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2016):

S.No	Particulars	As at 31 March 2018		As at 31 March 2017	
		Amount Outstanding in Amount in Rs.	Amount Overdue Amount in Rs.	Amount Outstanding in Amount in Rs.	Amount Overdue Amount in Rs.
1	<u>Liabilities:</u> Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:				
(a)	Debentures (Refer Note Below)				
	- Secured	5,484,879,777	-	3,630,542,437	-
	- Unsecured (other than falling within the meaning of public deposits)	1,741,423,142	-	1,879,095,550	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans (Refer Note Below)				
	- Secured	12,772,993,752	-	10,322,063,788	-
	- Unsecured	754,080,052	-	-	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	150,000,000	-	-	-
(f)	Cash Credits	-	-	249,916,864	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs. 148,136,250 (Previous Year Rs. 99,937,987) and Term Loans amounting to Rs. 82,370,342 (Previous Year Rs.63,947,892), totalling to Rs. 230,506,592 (Previous Year Rs. 163,885,879) as at 31 March 2018.

S.No	Particulars	Amount Outstanding as at 31 March 2018 Amount in Rs.	Amount Outstanding as at 31 March 2017 Amount in Rs.
2	<u>Assets:</u> Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :		
(a)	Secured	33,299,927	31,975,756
(b)	Unsecured (Refer Note Below)	21,327,737,951	17,366,684,080
3	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
(i)	Lease Assets including Lease Rentals Accrued and Due:		
(a)	Financial Lease	-	-
(b)	Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
(a)	Assets on Hire	-	-
(b)	Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC Activities		
(a)	Loans where Assets have been Repossessed	-	-
(b)	Loans other than (a) above	-	-

Asirvad Microfinance Limited
Notes forming part of the financial statements for the year ended 31 March 2018

S.No	Particulars	Amount Outstanding as at 31 March 2018 Amount in Rs.	Amount Outstanding as at 31 March 2017 Amount in Rs.
4	Break-up of Investments		
	Current Investments		
	I Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	II Unquoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	Long Term Investments		
	I Quoted:		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	II Unquoted:		
	(i) Shares: (a) Equity	500,000	500,000
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Investment in Pass Through Certificates	-	-

5 Borrower Group-wise Classification of Assets Financed as in (2) and (3) above

Category	As at 31 March 2018 Amount in Rs. (Net of Provisions) (Refer Note below)		As at 31 March 2017 Amount in Rs. (Net of Provisions) (Refer Note below)	
	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same Group	-	-	-	-
(c) Other Related Parties	-	-	-	-
2 Other than Related Parties	27,365,646	20,407,554,664	31,134,495	16,664,437,463
Total	27,365,646	20,407,554,664	31,134,495	16,664,437,463

Note: The amount of Assets financed represents the net owned portfolio outstanding after adjusting the provisions for standard, substandard and doubtful assets.

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

6	<i>Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :</i>	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2018	Book Value as on 31 March 2018	Market Value / Break up Value or Fair Value or Net Asset Value (Company's Share) as on 31 March 2017	Book Value as on 31 March 2017
	Category				
1	Related Parties				
(a)	Subsidiaries	-	-	-	-
(b)	Companies in the Same Group	-	-	-	-
(c)	Other Related Parties	-	-	-	-
2	Other than Related Parties (Refer Note Below)	747,500	500,000	747,500	500,000
	Total	747,500	500,000	747,500	500,000

Note:

The Company's share of the Net Asset Value of Alpha Micro Finance Consultants Private Limited has been calculated based on the unaudited financial statements of the Company as at 31 March 2018.

7	<i>Other Information</i>	As at 31 March 2018 Amount in Rs.		As at 31 March 2017 Amount in Rs.	
		Related Parties	Other than Related Parties	Related Parties	Other than Related Parties
	(i) Gross Non-Performing Assets	-	567,613,563	-	802,248,385
	(ii) Net Non-Performing Assets	-	56,979,437	-	233,949,311
	(iii) Assets Acquired in Satisfaction of Debt	-	-	-	-

38 Disclosures of Frauds Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 / 03.10.042 / 2011-12 dated 2 March 2012:

Current Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement of Cash				
- By Employees	15	87.61	9	3.16
- By Others	2	2.64	11	7.76
Total	17	90.25	20	10.92

(b) Previous Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	Amount in Rs. In Lakhs	Number of Instances	Amount in Rs. In Lakhs
Embezzlement of Cash				
- By Employees	5	34.49	7	4.11
- By Others	6	29.30	2	1.56
Total	11	63.79	9	5.67

Note:

The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

Asirvad Microfinance Limited**Notes forming part of the financial statements for the year ended 31 March 2018****38.1 Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012**

Net Interest Margin during the Year:

Particulars	For the Year ended 31 March 2018	For the Year ended 31 March 2017
Average Interest (a)	22.25%	23.24%
Average effective cost for borrowing Interest (b)	12.39%	13.30%
Net Interest Margin (a-b)	9.86%	9.94%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the year ended 31 March 2018 and 31 March 2017.

The Average interest cost of borrowings of the Company for the year ended 31 March 2018 and 31 March 2017 has been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings. The Average cost of borrowings include the following :

- Upfront processing fees paid by the Company for availing loans.
- Interest loss on fixed deposits placed as collateral, being difference between rate of interest on fixed deposit and the interest rate on the borrowings.

39 Disclosures of Transactions Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015:

S.No	Loans and Advances in the nature of Loans	As at 31 March 2018 Amount in Rs.		As at 31 March 2017 Amount in Rs.	
		Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a)	From Holding Company: - Mannapuram Finance Limited	-	-	-	-
(b)	To Fellow Subsidiaries - No Fellow Subsidiaries during the Current Year	-	-	-	-
(c)	To Associates - No Associate during the Current Year	-	-	-	-
(d)	Where there is - No Repayment Schedule	-	-	-	-
	- Repayment Schedule beyond seven years	-	-	-	-
	- No Interest	-	-	-	-
	- Interest below the rate as specified in section 186 of the Companies Act, 2013	-	-	-	-
(e)	To Firms / Companies in which directors are interested (Other the (a) and (b) above) - Adhikar Microfinance Private Limited (Refer Note Below)	-	-	-	-
(f)	Investments by the Loanee in the Shares of Parent Company and Subsidiary Company	-	-	-	-

Note: The information on maximum amount outstanding has been disclosed from the date on which the concerned director was appointed on the Board of the Company.

40 Earnings in Foreign Exchange - Rs. Nil (Previous Year Rs. Nil)

41 Expenditure incurred in Foreign Currency (On Accrual Basis) - Rs. Nil (Previous Year Rs. Nil)

Asirvad Microfinance Limited

Notes forming part of the financial statements for the year ended 31 March 2018

42 The Company did not have any unhedged Foreign currency exposure as at 31 March 2018 and 31 March 2017 and the company did not have any derivatives.

43 Marketing Commission

The Company has entered into agreements with Inthree Financial Services, Uniq Synergy, Maryland and RAL Consumer Products for marketing their solar lamps, mobile phones and cookware to its members. The Company receives commission for the lamps, mobile phones and cookware sold at the volume based on slab rates specified according to the terms of the agreements. The Company has received an amount of Rs. 283,647,571 (Previous Year Rs. 178,408,911) towards commission for the marketing of solar lamps, mobile phones and cookware.

44 Corporate Social Responsibility (CSR)

During the year, the Company incurred an aggregate amount of Rs. 8,950,000 (Previous Year - Rs. 2,000,000) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder. The details of the CSR spend are given below:

(i) Gross amount required to be spent by the Company during the year: Rs. 6,946,074

(ii) Amount spent by the Company during the year:

Particulars	Amount Paid (by Cheque)	Yet to be Paid	Total
Donation to Asirvad Development Foundation	6,950,000	-	6,950,000

45 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 a rate of 20% of the net profit after tax of the Company every year. Considering the loss after tax for the year ended 31 March 2018, no amounts are required to be transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

46 The Board of Directors have reviewed the realisable value of all the assets of the Company (other than Fixed Assets and Non-Current Investment) and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

47 Subsequent Events

Subsequent to the year ended 31 March 2018, on 10 April 2018, the Company has raised its Authorized Capital to Rs. 700,000,000 (divided into 6,00,00,000 equity share of Rs. 10 each and 10,00,000 Preference Share of Rs. 100 each) through the meeting of its Share holders and allotted 1,04,88,777 equity shares of Rs. 10 each at a premium of Rs. 85.34 per equity share through Rights Issue on 27 April 2018.

48 Previous Year Figures

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

For and on behalf of the Board of Directors

V P Nandakumar
Chairman
(DIN No.00044512)

S V Raja Vaidyanathan
Managing Director
(DIN No.01467098)

Mayank Shyam Thatte
Chief Financial Officer

Simi S S
Company Secretary

Place : Chennai
Date : 15 May 2018

CORPORATE EVENTS



TEN YEAR AWARDS





TEN YEAR AWARDS





BOARD OF DIRECTORS





SENIOR MANAGEMENT TEAM





CORPORATE TRAINING





CONTRIBUTION MADE FROM ASIRVAD DEVELOPMENT FOUNDATION



TOWARDS PROSTHETIC LEGS



IITM
Incubation
Cell



