G. M. KAPADIA & CO.

(REGISTERED)

CHARTERED ACCOUNTANTS

1007, RAHEJA CHAMBERS, 213, NARIMAN POINT, MUMBAI 400 021 INDIA

PHONE : (91-22) 6611 6611 FAX : (91-22) 6611 6600

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF M POWER MICRO FINANCE PRIVATE LIMITED

Report on the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **M Power Micro Finance Private Limited** (the Company) which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year ended, and notes to standalone financials statements including a summary of significant accounting policies and other explanatory information (the financial statements).

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 Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard prescribed under section 133 of the Act (Ind AS) and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its loss (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 4.09 in the financial statements, which describes the uncertain economic scenario caused by COVID-19 pandemic whose outcome will be dependent on future developments. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditors' Report thereon

The Management of Company is responsible for the other information. The other information obtained at the date of this report is report of the board of directors, but does not include the financial statements and our report thereon.

G. M. KAPADIA & CO.
MUMBAI
Chartered Accountants

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act, read with rules made thereunder and the relevant provisions of the Act.

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.

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

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the Order), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraph 3 and 4 of the said Order, to the extent applicable.

2. As required by section 143(3) of the Act, 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 purpose 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 (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with the rules made thereunder and the relevant provisions of Act;

   (e) On the basis of the written representations received from the Directors as on March 31, 2021 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure B";

   (g) Since the Company is a private limited company, the provisions of section 197 of the Act are not applicable. Accordingly, no reporting is required with respect to the other matters to be included in the Auditors' Report in accordance with the requirements of section 197(16) of the Act; and

   (h) With respect to the other matters to be included in the Auditors' 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:

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

i. The Company does not have any pending litigations, which would impact the financial position of the Company;

ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts; and

iii. There has been no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAMC7625

Mumbai
Dated: August 2, 2021

ANNEXURE I - referred to in Paragraph (1) under "Report on Other Legal and Regulatory Requirements" of our report on even date, to the members of the Company on the standalone financial statements for the year ended March 31, 2021

i. In respect of its Property, plant and equipment:

a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment;

b) According to the information and explanations given to us, all the property, plant and equipment of the Company were physically verified by the Management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification;

c) The Company does not hold any immovable property as property, plant and equipment. Accordingly, paragraph 3(i)(c) of the Order regarding title deeds of immovable properties is not applicable to the Company.

ii. The Company is a Non-Banking Finance Company and accordingly, it does not hold any inventory. Accordingly, paragraph 3(ii) of the Order regarding verification of such inventory is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii)(a) to (c) of the Order regarding terms and conditions of such loans and repayment of such loans etc. are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not granted any loan, made investment or provided guarantee or security to the parties covered under section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act, in respect of the activities carried on by the Company.

vii. In respect of statutory dues:

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

a) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues such as Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, Professional

Tax, Service Tax, Goods and Service Tax, Value Added Tax, cess and other applicable statutory dues with appropriate authorities. There are no arrears as at March 31, 2021 which were due for more than six months from the date they became payable.

b) Based on the records produced before us and books of accounts maintained by the Company, there are no disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax, goods and service tax on account of any dispute.

viii. The Company has not defaulted in repayment of loans or borrowing to any financial institutions, banks or debenture holders.

ix. The Company has not raised any money by way of Initial Public Offer or Further Public Offer (including debt instruments). On the basis of the documents submitted to the bankers and the other relevant records perused by us, we state that the term loans taken during the year have been applied for the purpose for which the loans were obtained.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers and employees have been noticed or reported during the year.

xi. The provisions of section 197 of the Act are not applicable to private limited companies. Accordingly, paragraph 3(xi) of the Order regarding payment of managerial remuneration in compliance of this section is not applicable.

xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. In respect of transactions with related parties, the Company has complied with provisions of sections 177 and 188 of the Act where applicable. Necessary disclosures relating to related party transactions have been made in the standalone financial statements as required by the applicable accounting standard.

xiv. Based on the information and explanations given to us and the records maintained by the Company, during the year, the Company has made private placement of optionally convertible preference shares. The Company has complied with the requirements of Section 42 of the Act and the funds raised have been utilized for the purpose for which the funds were raised.

xv. The Company has not entered into any non-cash transaction with directors. We have been informed that no such transactions have been entered into with persons connected

G. M. KAPADIA & CO. ★ MUMBAI ★ Chartered Accountants

with directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAMC7625

Mumbai
Dated: August 2, 2021

ANNEXURE II - referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's report of even date, to the members of M Power Micro Finance Private Limited (the Company) on the Standalone Financial Statements for the year ended March 31, 2021

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 (the Act)

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

G. M. KAPADIA & CO. ★ MUMBAI ★ Chartered Accountants

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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569
UDIN: 21039569AAAAMC7625

Mumbai
Dated: August 2, 2021

"Nurture Dreams Transform Lives"

M Power Micro Finance Private Limited
Balance Sheet as at March 31, 2021

(Amount in Rs.)

Particulars	Notes No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2.01(A)	78,461,332	52,669,058
Bank balances other than cash and cash equivalents	2.01(B)	85,966,826	90,180,894
Trade receivables	2.02	3,659,558	5,977,241
Loans	2.03	910,078,754	1,474,116,480
Investments	2.04	-	593,055
Other financial assets			
- Interest accrued but not due on loan portfolio		16,081,894	25,438,562
- Interest only strip		6,637,825	31,502,135
- Others	2.05	39,837,521	50,220,030
Total financial assets		**1,140,723,710**	**1,730,697,455**
Non-financial assets			
Current tax assets (net)	2.06	18,332,202	25,783,792
Deferred tax assets (net)	2.07	26,169,022	18,599,290
Property, plant and equipment	2.08	1,917,652	3,243,330
Right-of-use asset	2.09	-	1,188,417
Other intangible assets	2.10	512,600	1,825,054
Other non-financial assets	2.11	7,158,866	13,196,493
Total non-financial assets		**54,090,342**	**63,836,376**
Total assets		**1,194,814,052**	**1,794,533,831.00**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables			
(i)total outstanding dues of micro enterprises & small enterprises			-
(ii)total outstanding dues of creditors other than micro enterprises & small enterprises		2,472,030	1,925,225
Debt securities	2.12	-	46,666,665
Borrowings (other than debt securities)	2.13	703,615,494	1,196,220,434
Subordinated liabilities	2.14	150,636,387	130,000,000
Other financial liabilities	2.15	50,629,203	81,901,218
Total financial liabilities		**907,353,114**	**1,456,713,542**
Non-financial liabilities			
Current tax liabilities (net)	2.06		-
Provisions	2.16	18,775,822	12,687,181
Other non-financial liabilities	2.17	16,363,102	27,288,263
Total non-financial liabilities		**35,138,924**	**39,975,444**
EQUITY			
Equity share capital	2.18	192,208,460	192,208,460
Other equity	2.19	60,113,554	105,636,387
		252,322,014	**297,844,847**
Total liabilities and equity		**1,194,814,052**	**1,794,533,831**
Summary of significant accounting policies	1		
See accompanying notes to the financial statements			

As per our report of even date
For G. M. Kapadia & Co
Chartered Accountants
Firm Regn No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

M POWER MICRO FINANCE PVT. LTD. MUMBAI

Atul Shah
Partner
Membership No. 039569

For and on behalf of the Board of Directors

K M Vishwanathan
CEO & Director
DIN: 02778043

K V Balaji
COO & Director
DIN: 02776220

Shrikant Sapre
CFO

Biraj Pancholi
Company Secretary
Mem.No. A34135

Date: 02/08/2021
Place: Mumbai

M Power Micro Finance Private Limited
Statement of Profit and Loss for the year ended March 31, 2021

(Amount in Rs.)

Particulars		Notes No.	Year ended March 31, 2021	Year ended March 31, 2020
Revenue From Operations				
Interest Income		3.01	332,605,695	386,318,689
Fees and commission Income		3.02	43,816,052	59,822,580
Net Gain on fair value changes		3.03	1,095	1,457,412
Net gain on derecognition of financial instruments under amortised cost category			9,019,334	57,289,727
Total Revenue From Operations			**385,442,176**	**504,888,408**
Other Income		3.04	5,073,727	6,269,243
Total Income			**390,515,903**	**511,157,651**
Expenses				
Finance costs		3.05	184,115,009	245,145,813
Fees and commission expense		3.06	941,148	1,352,489
Impairment on financial instruments		3.07	49,006,027	30,313,186
Employee benefits expense		3.08	157,546,264	177,178,658
Depreciation, amortization and impairment		3.09	4,208,428	5,601,017
Other expenses		3.10	48,074,221	44,104,488
Total Expenses			**443,891,097**	**503,695,651**
Profit / (loss) before exceptional items and tax			**(53,375,194)**	**7,462,000**
Exceptional items				
Profit / (loss) before tax			**(53,375,194)**	**7,462,000**
Current Tax				-
Excess tax provision in earlier years				-
Deferred tax			(7,640,871)	(10,437,216)
		3.11	**(7,640,871)**	**(10,437,216)**
Profit/ (loss) for the period	**(A)**		**(45,734,323)**	**17,899,216**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Remeasurement gain of defined benefit plan			1,450,223	368,554
Tax Impact on above			(365,021)	(77,719)
Items that will be reclassified to profit or loss:				
Changes in fair value of FVOCI Loans			(1,167,596)	1,787,968
Tax Impact on above			293,884	(447,896)
Total other comprehensive income for the year	**(B)**		**211,490**	**1,630,907**
Total comprehensive income for the year	**(A+B)**		**(45,522,833)**	**19,530,123**
Earnings per Equity share (Face value of Rs. 10/- each) :				
Basic (in Rs.)			**(2.38)**	**0.93**
Diluted (in Rs.)			**(2.38)**	**0.93**
Significant accounting policies		1		
See accompanying notes to the financial statements				

As per our report of even date
For G. M. Kapadia & Co
Chartered Accountants
Firm Regn No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Date: 02/08/2021
Place: Mumbai

For and on behalf of the Board of Directors

K M Vishwanthan
CEO & Director
DIN: 02778043

K V Balaji
COO & Director
DIN: 02776220

Shrikant Sapre
CFO

Biraj Pancholi
Company Secretary
Mem.No. A34135

M POWER MICRO FINANCE PVT. LTD. MUMBAI

"Nurture Dreams Transform Lives"

M Power Micro Finance Private Limited
Cash Flow Statement for the year ending March 31, 2021

(Amount in Rs.)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flow from operating activities		
Profit Before Tax	(53,375,194)	7,462,000
Non-cash Adjustment to Profit Before Tax:		
Depreciation and amortization expense	4,208,428	5,601,017
Net gain/(loss) on fair value changes	(1,095)	(1,457,412)
Net gain on derecognition of financial instruments under amortised cost category	(9,019,334)	(57,289,727)
Rent Expense	(1,299,464)	(1,230,464)
Profit on sale of property, plant & equipment	-	(15,858)
Loss on sale of property, plant & equipment	-	-
Interest Income	(332,605,695)	(386,318,689)
Impairment on Loan Portfolio	49,006,027	30,313,186
Provision no longer required	(2,342,840)	(4,995,902)
Provision on gratuity	2,752,401	3,027,330
Provision on compensated absences	825,593	2,199,678
Interest expense	184,115,009	245,145,813
	(157,736,164)	(157,559,028)
Cash inflow from interest on loans	332,472,406	386,235,543
Cash inflow from service asset	33,779,051	70,882,527
Cash outflow towards finance costs	(184,115,009)	(244,870,298)
Operating profit before change in operating assets and liabilities	24,400,284	54,688,744
Change in operating assets and liabilities :		
Decrease/(increase) in trade receivables	2,317,683	(4,648,947)
Decrease/(increase) in other financial assets	23,521,686	(22,351,239)
Decrease/(increase) in other non-finanial assets	6,037,627	6,749,885
Decrease/(increase) in loans & advances	384,618,727	200,718,532
Increase/(decrease) in trade payable	546,805	(1,485,565)
Increase/(decrease) in provisions	3,960,870	(157,164)
Increase/(decrease) in other financial liabilities	(31,272,015)	1,127,813
Increase/(decrease) in other non- financial liabilities	(10,925,161)	2,340,856
Cash generated from operations	403,206,506	236,982,915
Direct taxes paid (net of refunds)	7,451,590	(11,494,502)
Net cash flow from/(used in) operating activities (A)	**410,658,097**	**225,488,413**
Cash flow from investing activities		
Payments for acquisition of property, plant and equipment & capital advances	(287,866)	(1,704,038)
Sale of property, plant and equipment	-	21,600
Proceeds from sale of investments	594,150	24,385,217
Net cash flow from/(used in) investing activities (B)	**306,284**	**22,702,779**
Cash flows from financing activities		
Proceeds from borrowings	338,276,550	946,248,818
Repayments of borrowings	(696,781,992)	(1,292,008,994)
Proceeds from issue of non-convertible debentures	-	46,666,665
Payment for redemption of non-convertible debentures	(46,666,665)	-
Share issue expenses	-	-
Proceeds from issue of non-participative non- convertible redeemable preference shares	20,000,000	25,000,000
Net cash flow from/(used in) in financing activities (C)	**(385,172,107)**	**(274,093,511)**
Net increase/(decrease) in cash and cash equivalents (A+B+ C)	25,792,273	(25,902,319)
Cash and cash equivalents at the beginning of the year	52,669,058	78,571,378
Cash and cash equivalents at the end of the year	**78,461,331**	**52,669,058**
Reconciliation of cash and cash equivalents as per the cash flow statement (Refer Note 2.01A):		
Cash on hand	549,625	704,878
Balances with banks:		
On current accounts	77,911,707	51,964,180
	78,461,332	**52,669,058**

As per our report of even date
For G. M. Kapadia & Co
Chartered Accountants
Firm Regn No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

M. POWER MICRO FINANCE PVT. LTD. MUMBAI

For and on behalf of the Board of Directors

K M Vishwanthan
CEO & Director
DIN: 02778043

K V Balaji
COO & Director
DIN: 02776220

Shrikant Sapre
CFO

Biraj Pancholi
Company Secretary
Mem.No. A34135

Date: 02/08/2021
Place: Mumbai

M Power Micro Finance Private Limited
Statement of changes in Equity for the year ended March 31, 2021

(Amount in Rs.)

"Nurture Dreams Transform Lives"

A. Equity share capital

	(Amount)
Balance at April 1, 2019	192,208,460
Changes in equity share capital during the year	-
Balance at March 31, 2020	192,208,460
Changes in equity share capital during the year	-
Balance at March 31, 2021	192,208,460

B. Other equity

B. Other equity	Reserves and Surplus				Loans through Other Comprehensive Income	Total
	Reserve u/s 45-IA of RBI Act, 1934	Securities premium	Remeasurement of Defined Benefit Plans	Retained earnings		
Balance at April 1, 2019	14,155,008	101,259,590	409,829	(29,776,320)	58,157	86,106,263
Profit for the year	-	-	-	17,899,216	-	17,899,216
Other comprehensive income during the year	-	-	290,835	-	1,340,072	1,630,907
Total comprehensive income for the year	14,155,008	101,259,590	700,664	(11,877,104)	1,398,229	105,636,386
1934	3,579,843	-	-	(3,579,843)	-	-
Balance at March 31, 2020	17,734,851	101,259,590	700,664	(15,456,947)	1,398,229	105,636,386
Profit for the year	-	-	-	(45,734,323)	-	(45,734,323)
Other comprehensive income during the year	-	-	1,085,202	-	(873,712)	211,490
Total comprehensive income for the year	17,734,851	101,259,590	1,785,866	(61,191,270)	524,517	60,113,554
Transferred to Resereve pursuant to section 45-IC of the R.B.I Act 1934	-	-	-	-	-	
Balance at March 31, 2021	17,734,851	101,259,590	1,785,866	(61,191,270)	524,517	60,113,554

Summary of significant accounting policies 1
See accompanying notes to the financial statements

As per our report of even date
For G. M. Kapadia & Co
Chartered Accountants
Firm Regn No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

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Biraj Pancholi
Company Secretary
Mem.No. A34135

Date: 02/08/2021
Place: Mumbai

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

Corporate Information

M Power Micro Finance Private Limited ('the Company') was incorporated on November 19, 2009 under the Companies Act, 1956. The Company is registered effective from April, 2010 as a Non-Banking Financial (Non – Deposit Accepting or Holding) Company under section 45-IA of the Reserve Bank of India Act, 1934 having Registration No. N-13.01963. The Company is engaged in micro finance lending activities, providing financial services to poor women in India under Joint Liability Groups ('JLGs') Model. The Company got classified as Non-Banking Financial Company- Micro Financial Institution effective from June 22, 2016.

Basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions') issued by RBI. The Company uses accrual basis of accounting except in case of significant uncertainties.

The financial statements have been prepared on a going concern basis, as the Management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the Management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

The financial statements comply in all material aspects with Ind AS.

Presentation of financial statements

The Company presents its balance sheet in order of liquidity. The Company generally reports financial assets and financial liabilities on a gross basis in the balance sheet. They are offset and reported net only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically.

The Balance Sheet, Statement of Profit & Loss (including other comprehensive income) and Statement of changes in equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS.

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

Basis of measurement

The financial statements have been prepared on a historical cost basis, as modified by the application of fair value measurements required or allowed by relevant Ind AS.

Functional and presentation currency

The financial statements are presented in Indian Rupees (INR) which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest rupee.

Critical accounting estimates and judgments

The preparation of the Company's financial statements requires Management to make use of estimates and judgments. In view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

a. Business model assessment [Refer note no. 1.2.1]

b. Fair value of financial instruments [Refer note no. 1.3 and 4.10]

c. Effective Interest Rate (EIR) [Refer note no. 1.1.1]

d. Impairment on financial assets [Refer note no. 1.2.6, 2.03 and 4.08]

e. Provisions and other contingent liabilities [Refer note no. 1.10 and 4.03]

f. Provision for tax expenses [Refer note no. 1.11]

g. Residual value and useful life of property, plant and equipment [Refer note no. 1.5]

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

1. Significant accounting policies

1.1. Revenue Recognition

1.1.1. Interest income

The Company recognises interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortised cost or fair value through other comprehensive income (FVOCI) except for purchased or originated credit-impaired financial assets and other credit-impaired financial assets.

For purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

For other credit-impaired financial assets, the Company applies effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company includes all fees and charges paid or received to and from the borrowers that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

1.1.2. Other revenue from operations

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

1.1.3. Net gain on Fair Value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain / loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of Profit and

Loss.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

However, net gain / loss on derecognition of financial instruments classified as amortised cost is presented separately under the respective head in the Statement of Profit and Loss.

1.1.4. Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation or when the right to receive the same without any uncertainties of recovery is established.

1.2. Financial instruments

1.2.1. Financial asset

Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Generally, transaction price is treated as fair value unless proved to the contrary.

Loans are recognised when funds are transferred to the customers' account.

Subsequent measurement

The Company classifies its financial assets into the following measurement categories:

a. Debt instruments at amortised cost
b. Debt instruments at fair value through other comprehensive income (FVTOCI).
c. Other financial instruments at fair value through profit or loss (FVTPL).

The classification depends on the contractual terms of the financial assets, cash flows and the Company's business model for managing financial assets.

The Ind AS 109 classification and measurement model requires that all debt instrument financial assets that do not meet a "solely payment of principal and interest" (SPPI) test, including those that contain embedded derivatives, be classified at initial recognition as fair value through profit or loss (FVTPL). The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured at FVTPL.

Accordingly, for debt instrument financial assets that meet the SPPI test, the Company classifies its assets based on the business model under which these instruments are managed.

Debt instruments that are managed on a "held for trading" or "fair value" basis is classified as FVTPL. Financial instruments held at fair value through profit or loss, are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Debt instruments that are managed on a "hold to collect and for sale" basis is classified as fair value through other comprehensive income (FVOCI) for debt. These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals and interest revenue are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

Debt instruments that are managed on a "hold to collect" basis will be classified as amortized cost. After initial measurement at fair value plus directly attributable costs, these financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note 1.2.6 Impairment of financial assets.

A gain or loss on financial asset that is subsequently measured at fair value through profit and loss is recognized in profit or loss and presented net in the Statement of Profit and Loss.

1.2.2. Financial liabilities

Initial Measurement

Financial liabilities are classified and measured at amortized cost. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method.

1.2.3. Derecognition of financial assets and liabilities

Financial Asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

a. The Company has transferred its contractual rights to receive cash flows from the financial asset or

b. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

a. The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

b. The Company cannot sell or pledge the original asset other than as security to the eventual recipients

c. The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

a. The Company has transferred substantially all the risks and rewards of the asset or

b. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

1.2.4. Offsetting of financial instruments

Financial assets and financial liabilities are generally reported gross in the balance sheet. Financial assets and liabilities are offset, and the net amount is presented in the balance sheet when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.2.5. Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principles

The Company has created provisions on all financial assets except for financial assets classified as FVTPL, based on the expected credit loss method.

The ECL provision is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on financial assets that are possible within the 12 months after the reporting date.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into three stages as described below:

For non-impaired financial instruments

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk (SICR) since initial recognition. A 12-month ECL provision is made for stage 1 financial instruments. In assessing whether credit risk has increased significantly, the Company compares the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Company recognises lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12 months of ECL.

For impaired financial instruments:

- Stage 3 classification of financial instruments is when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a loan or a portfolio of loans. The Company recognises lifetime ECL for impaired financial instruments.

The calculation ofECLs

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon.

The Company uses historical information where available to determine PD. Considering the different products and schemes, the Company has bifurcated its loan portfolio into various pools. PD is calculated using Incremental NPA approach considering fresh slippage using historical information.

Exposure At Default (EAD)- The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Loss Given Default (LGD)– The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Write-offs

Loans are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when it is determined that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

Generally, the Company has policy to write off those loans which are overdue for more than 365 days or closure date of loan, whichever is later.

Collateral

In the normal course of business, the Company does not take financial or non-financial item as collateral security from the customers for the loan given.

1.3. Fair value measurement

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For a detailed information on the fair value hierarchy, refer note no. 4.10.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

1.4. Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts, if any as they are considered an integral part of the Company's cash management.

1.5. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

1.6. Depreciation

Depreciation is provided on a pro-rata basis for all tangible assets and at the rates derived based on the useful lives of the assets as specified in Schedule II of the Companies Act, 2013 on Written Down Value method. All fixed assets costing individually upto Rs. 5,000 is fully depreciated by the company in the year of its capitalisation.

Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

Small furnitures

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included under other income in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.7. Intangible assets and amortisation thereof

Intangible assets, representing softwares are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment. The intangible assets are amortised using the straight-line method over a period of 3-5 years , which is the Management's estimate of its useful life.

The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

1.8. Impairment of non-financial assets

An assessment is done at each Balance Sheet date to ascertain whether there is any indication that an asset may be impaired. If any such indication exists, an estimate of the recoverable amount of asset is determined. If the carrying value of relevant asset is higher than the recoverable amount, the carrying value is written down accordingly.

1.9. Retirement and other employment benefits

Defined contribution scheme

Contributions to the Employees Provident Fund Scheme maintained by the Central Government are accounted for on an accrual basis. Retirement benefit in the form of provident fund is a defined contribution scheme.

The Company has no obligation, other than the contribution payable under the scheme. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

Defined benefit Scheme

Gratuity

The Company provides for gratuity covering eligible employees under which a lumpsum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Compensated absences

The liability for long term compensated absences carried forward on the balance sheet date is provided for based on an actuarial valuation done by an independent actuary using the Projected Unit Credit Method done at the end of each accounting period. Short term compensated absences is recognized based on the eligible leave at credit on the balance sheet date and the estimated cost is based on the terms of the employment contract. Actuarial gains and losses arising during the year are immediately recognized in the Statement of Profit and Loss.

1.10. Provisions and contingent liabilities

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. The Company also discloses present obligations for which a reliable estimate cannot be made. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.11. Taxes

Income tax expense represents the sum of current tax and deferred tax.

1.11.1. Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

1.11.2. Deferred tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.12. Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

1.13. Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 April 2018, the Company has determined whether the arrangement contain lease based on facts and circumstances existing on the date of transition.

1.13.1. Measurement of lease liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is –

(i) increased by interest on lease liability;
(ii) reduced by lease payments made; and
(iii) remeasured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

1.13.2. Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short term leases has been adopted by Company.

(Amount in Rs.)

2.01 Cash and Bank Balances

Particulars	As at March 31, 2021	As at March 31, 2020
2.01(A) Cash and cash equivalent		
Cash on hand	549,625	704,878
Balances with banks:		
On current accounts	77,911,707	51,964,180
Bank deposit with original maturity less than three months		-
	78,461,332	52,669,058
2.01(B) Bank balances other than above		
Term Deposit with Banks*	85,966,826	90,180,894
	85,966,826	90,180,894
	164,428,158	142,849,952

* Represents deposits maintained as cash collateral against term loans availed and securitized loan portfolio.

2.02 Trade Receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good, Unsecured		
Fees, commission and others	3,659,558	5,977,241
Total	3,659,558	5,977,241

Note:

Impairment allowance recognised on trade receivables for March 31, 2021 is Nil (March 31, 2020).

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

No trade receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

2.03 Loans

Particulars	Amortised Cost	At Fair Value through Other Comprehensive Income	Total
As at March 31, 2021			
Loans			
Term Loan	950,704,030.09	17,913,767	968,617,797
Less : Impairment allowance	(56,595,412)	(1,943,631)	(58,539,043)
Total (Net)	894,108,619	15,970,135	910,078,754
Unsecured	950,704,030	17,913,767	968,617,797
Less : Impairment allowance	(56,595,412)	(1,943,631)	(58,539,043)
Total (Net)	894,108,619	15,970,135	910,078,754
Loans in India	-	-	-
Others	950,704,030	17,913,767	968,617,797
Total (Gross)	950,704,030	17,913,767	968,617,797
Less : Impairment allowance	(56,595,412)	(1,943,631)	(58,539,043)
Total (Net)	894,108,619	15,970,135	910,078,754

Particulars	Amortised Cost	At Fair Value through Other Comprehensive Income	Total
As at March 31, 2020			
Loans			
Term Loan	1,480,282,779.00	25,278,511	1,505,561,290
Less : Impairment allowance	(31,226,307)	(218,503)	(31,444,810)
Total (Net)	1,449,056,472	25,060,008	1,474,116,480
Unsecured	1,480,282,779	25,278,511	1,505,561,290
Less : Impairment allowance	(31,226,307)	(218,503)	(31,444,810)
Total (Net)	1,449,056,472	25,060,008	1,474,116,480
Loans in India			
Others	1,480,282,779	25,278,511	1,505,561,290
Total (Gross)	1,480,282,779	25,278,511	1,505,561,290
Less : Impairment allowance	(31,226,307)	(218,503)	(31,444,810)
Total (Net)	1,449,056,472	25,060,008	1,474,116,480

An analysis of changes in the gross carrying amount and the corresponding ECL allowances

	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**1,467,253,059**	**9,389,634**	**28,918,597**	**1,505,561,290**	**1,619,560,234**	**4,637,974**	**22,325,419**	**1,646,523,627**
Assets derecognised or repaid (excluding write offs)	(753,947,678)	(15,065,442)	(4,685,255)	**(773,698,375)**	(1,721,275,696)	(8,441,785)	(16,109,257)	**(1,745,826,738)**
Transfers from Stage 1	(122,024,865)	55,399,008	66,625,858	-	(48,300,855)	15,067,167	33,233,688	-
Transfers from Stage 2	140,868	(8,619,393)	8,478,525	-	86,041	(3,079,031)	2,992,990	-
Transfers from Stage 3	29,127	41,196	(70,323)	-	25,104		(25,104)	-
Amounts written off		-	(17,631,496)	**(17,631,496)**	-	-	(14,206,139)	**(14,206,139)**
Interest Capitilisation	93,072,613	6,275,627	10,277,138	**109,625,378**	-	-	-	-
New assets originated*	144,711,000		50,000	**144,761,000**	1,617,158,231	1,205,309	707,000	**1,619,070,540**
Gross carrying amount closing balance	829,234,123	47,420,630	91,963,044	**968,617,797**	1,467,253,059	9,389,634	28,918,597	**1,505,561,290**

Reconciliation of ECL balance

	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**16,873,410**	**107,981**	**14,463,419**	**31,444,810**	**15,061,910**	**43,133**	**13,737,645**	**28,842,688**
Addition During the year	7,511,045	908,827	42,715,760	51,135,633	22,161,630	197,337	18,466,839	40,825,806
Reversal During the year	(12,526,407)	(338,693)	(11,176,299)	(24,041,399)	(20,350,130)	(132,489)	(17,741,065)	(38,223,685)
Gross carrying amount closing balance	**11,858,048**	**678,115**	**46,002,880**	**58,539,043**	**16,873,410**	**107,981**	**14,463,419**	**31,444,810**

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The Company has sold some loans and advances measured at fair value through other comprehensive income, as a source of finance. As per terms of the deal, risk and reward has been transferred to the customer. Hence, as per the derecognition criteria of Ind AS 109, including transfer of substantially all risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised.

The table below summarises that carrying amounts of the derecognised financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of derecognised financial assets	128,441,347	473,225,256
Gain/(loss) from derecognition	9,019,334	57,289,727

Transferred financial assets that are not derecognised in their entirety

The Company uses securitisations as a source of finance and a means of risk transfer. The Company securitised its microfinance loans to different entities. These entities are not related to the Company. Also, the Company neither holds any equity or other interest nor control them. As per the terms of the agreement, the Company is exposed to first loss amounting to 5% to 10% of the amount securitised and therefore continues to be exposed to significant risk and rewards relating to the underlying microfinance loans. These receivables are not derecognised and proceeds received are recorded as a financial liability under borrowings. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognised in their entirety and associated liabilities.

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amount of assets re - recognised due to non transfer of assets	71,187,517	186,141,180
Carrying amount of associated liabilities	40,455,630	172,036,198

The carrying amount of above assets and liabilities is a reasonable approximation of fair value.

Interest in unconsolidated structured entity

These are entities which are not consolidated because the Company does not control them through voting rights, contract, funding agreements, or other means.

The following table describes the types of structured entities that the Company does not consolidate but in which it holds an interest.

Type of Structured Entity	Nature and Purpose	Interest held by the Company
Securitisation Vehicle for loans	To generate - funding for the Company's lending activities - Spread through sale of assets to investors - Fees for servicing loan	- Servicing fee -Credit Enhancement provided by the Company -Excess interest spread

Particulars	As at March 31, 2021	As at March 31, 2020
Aggregate value of accounts sold to securitisation company	-	240,123,432
Aggregate consideration	-	212,696,456
Quantum of credit enhancement in the form of deposits	-	15,795,242
Servicing fees	-	200,000

2.04 Investments

Particulars	Quantity	As at March 31, 2021	Quantity	As at March 31, 2020
Quoted				
Unit of Mutual Fund - measured at FVTPL				
SBI Dual Advantage Fund - Series XIX - Regular - Growth	-	-	50,000	5,93,055
SBI Corporate Bond Fund - Regular Plan - Growth	-	-	-	-
Total	-	-		**5,93,055**

2.05 Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with Financial Institutions*	2,45,06,429	3,59,15,343
Security deposits	59,17,217	57,64,290
Unbilled revenue	9,85,292	47,83,455
Claim receivable	-	37,500
Receivable against Assisgnment	47,84,871	
Other receivable	36,43,712	37,19,442
Total	**3,98,37,521**	**5,02,20,030**

* Represents deposits maintained as cash collateral against term loans availed and securitized loan portfolio.

2.06 Current tax assets / liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets (net)		
Taxes Paid	1,83,32,202	2,57,83,792
	1,83,32,202	**2,57,83,792**
Current tax liabilities(net)		
Provision for Tax	-	-
Total	-	-

2.07 Deferred Tax Asset

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred Tax Asset (Net)	2,61,69,022	1,85,99,290
MAT Credit entitlement	-	-
	2,61,69,022	**1,85,99,290**
Deferred Tax Liabilities (Net)		
Total	-	-

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax asset / liability (net)		
The movement on the deferred tax account is as follows:		
At the start of the year DTA / (DTL) (net)	1,85,99,290	86,87,689
Credit / (charge) for loans and advances through OCI	2,93,884	(4,47,896)
Credit / (charge) for remeasurement of the defined benefit plan	(3,65,021)	(77,719)
Credit / (charge) to the statement of profit and loss	76,40,870	1,04,37,216
At the end of year DTA / (DTL) (net)	**2,61,69,023**	**1,85,99,290**

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense :

Particulars	As at 31 March 2020	Statement of Profit and Loss	OCI	As at 31 March 2021
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(9,98,369)	(2,83,217)	-	(12,81,586)
Fair value of investments	(23,422)	23,422	-	-
Fair value of loan portfolio	(4,70,311)	-	2,93,884	(1,76,427)
Income taxable on realised basis	14,72,670	36,35,261	-	51,07,931
Prepaid finance charges	75,10,700	(44,51,746)	-	30,58,955
Impairment on financial assets	79,53,232	78,47,129	-	1,58,00,361
Expenses allowable on payment basis	31,54,790	8,70,021	(3,65,021)	36,59,790
Total	**1,85,99,290**	**76,40,870**	**(71,137)**	**2,61,69,023**

Particulars	As at 31 March 2019	Statement of Profit and Loss	OCI	As at 31 March 2020
Component of deferred tax asset / (liability)				
Deferred tax asset / (liability) in relation to:				
Difference between written down value of fixed assets as per books of accounts and income tax	(14,37,044)	4,38,675	-	(9,98,369)
Fair value of investments	(8,40,403)	8,16,981	-	(23,422)
Fair value of loan portfolio	(22,415)	-	(4,47,896)	(4,70,311)
Income taxable on realised basis	(94,53,659)	1,09,26,329	-	14,72,670
Prepaid finance charges	1,01,95,499	(26,84,798)	-	75,10,700
Impairment on financial assets	80,24,036	(70,804)	-	79,53,232
Expenses allowable on payment basis	22,21,675	10,10,834	(77,719)	31,54,790
Total	**86,87,689**	**1,04,37,216**	**(5,25,615)**	**1,85,99,290**

2.08 Property, plant and equipment :

Particulars	Gross Carrying Amount				Depreciation				Net Block	
	As at April 1, 2020	Addition	Disposal	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Vehicles	1,184,997	-	-	1,184,997	597,909	184,316	-	782,225	402,772	587,088
Furniture and Fixtures	1,613,403	6,500		1,619,903	976,146	259,570	-	1,235,716	384,187	637,257
Computers & Printers	5,948,878	202,637	-	6,151,515	4,412,723	876,104	-	5,288,827	862,688	1,536,155
Office Equipment	1,167,836	-		1,167,836	685,006	214,825	-	899,831	268,005	482,830
Total	**9,915,114**	**209,137**	**-**	**10,124,251**	**6,671,784**	**1,534,815**	**-**	**8,206,599**	**1,917,652**	**3,243,330**
Previous Year	**9,472,243**	**454,038**	**11,167**	**9,915,114**	**3,658,961**	**3,018,248**	**5,425**	**6,671,784**	**3,243,330**	**5,813,282**

2.09 Right Of Use Asset:

Particulars	Gross Carrying Amount				Amortization				Net Block	
	As at April 1, 2020	Addition	Disposal	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Right-of-use asset	2,376,835.00	1,282,430	2,376,835	1,282,430	1,188,418	1,282,430	1,188,418	1,282,430	-	1,188,417
Total	**2,376,835**	**1,282,430**	**2,376,835**	**1,282,430**	**1,188,418**	**1,282,430**	**1,188,418**	**1,282,430**	**-**	**1,188,417**
Previous Year	**-**	**2,376,835**	**-**	**2,376,835**	**-**	**1,188,418**	**-**	**1,188,418**	**1,188,417**	**-**

2.10 Other Intangible Assets :

Particulars	Gross Carrying Amount				Amortization				Net Block	
	As at April 1, 2020	Addition	Disposal	As at March 31, 2021	As at April 1, 2020	For the Year	Elimination on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Software	4,440,553	78,729	-	4,519,282	2,615,499	1,391,183	-	4,006,682	512,600	1,825,054
Total	**4,440,553**	**78,729**	**-**	**4,519,282**	**2,615,499**	**1,391,183**	**-**	**4,006,682**	**512,600**	**1,825,054**
Previous Year	**3,690,553**	**750,000**	**-**	**4,440,553**	**1,221,148**	**1,394,351**	**-**	**2,615,499**	**1,825,054**	**2,469,405**

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2.11 Other non-financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Advances	5,00,000	5,00,000
Advances other than Capital Advances	3,900	98,437
Prepaid expenses	57,94,142	1,22,91,491
Security deposits	23,425	23,425
Others	8,37,399	2,83,140
Total	**71,58,866**	**1,31,96,493**

2.12 Debt Securities

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at amortised cost		
Non Convertible Redeemable Debentures	-	4,66,66,665
Total	-	**4,66,66,665**

Details of Redeemable Non-Convertible Debentures

Particulars	As at March 31, 2021	As at March 31, 2020	Date of Redemption	Repayment Mode	No. of Instalments Outstanding as at 31, March 2021
Secured Non-Convertible Debentures					
80 (March 31, 2020: 4,66,66,665/- and April 1, 2019: Nil) 14.00% Rated, Unlisted, Taxable, Senior, Redeemable, Non-Convertible Debentures (NCDs) of Rs. 10,00,000 each.	-	4,66,66,665	1-Oct-20	Monthly	0
Total	-	**4,66,66,665**			

Secured debentures are secured by hypothecation of Receivables under Financing activity.

2.13 Borrowings (Other than Debt Securities) (Refer Note 4.01)

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at amortised cost		
Secured		
Term loans		
from banks	14,10,96,770	19,79,07,322
from financial institutions	52,16,54,484	82,56,87,414
Vehicle loan		
from bank	4,08,610	5,89,500
Borrowings under Securitisation Arrangement		
from financial institutions	4,04,55,630	17,20,36,198
Total	**70,36,15,494**	**1,19,62,20,434**

2.14 Subordinated liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Measured at Amortised Cost		
Preference Shares other than those that qualify as Equity	5,00,00,000	3,00,00,000
Subordinated Debt (Tier II Capital)	10,06,36,387	10,00,00,000
Total	**15,06,36,387**	**13,00,00,000**

Details of Redeemable Preference Shares

Particulars	As at March 31, 2021	As at March 31, 2020	Terms
Nil (March 31, 2020: 5,00,000)13.35 % Cumulative Non-Participative Non- Convertible Redeemable Preference shares of Rs.10 each	-	50,00,000	The Preference Shares was redeemed during the year at par as per terms of issue and in accordance with Section of the Companies Act,2013.
25,00,000 (March 31, 2020: 25,00,000)12.00 % Cumulative Non-Participative Optionally Convertible Redeemable Preference shares of Rs.10 each	2,50,00,000	2,50,00,000	The OCPS are convertible at the option of the Company at the rate to be decided by the Board at the time of conversion not later than six months from the date of roll over of OCPS i.e 30/04/2021.If the company opts to redeem, the OCPS are redeemmable at par.
25,00,000 (March 31, 2020: Nil)12.00 % Cumulative Non-Participative Optionally Convertible Redeemable Preference shares of Rs.10 each	2,50,00,000	-	The OCPS are convertible at the option of the Company at the rate to be decided by the Board at the time of conversion not later than one year from the date of allotment.If the company opts to redeem, the OCPS are redeemmable at par.
Total	**5,00,00,000**	**3,00,00,000**	

Details of Subordinated Debt (Tier II Capital)

Particulars	As at March 31, 2021	As at March 31, 2020	Date of Redemption	Repayment Mode	No. of Instalments Outstanding as at 31, March 2021
Unsecured Subordinated Debt (Tier II Capital)					
IDFC First Bank Ltd (Formerly Capital First Ltd)	50000000	5,00,00,000	24-Jan-22	Bullet	1
MAS Financial Services Limited	50636387	5,00,00,000	1-Apr-24	Bullet	1
Total	**10,06,36,387**	**10,00,00,000**			

2.15 Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Salary, Bonus and Performance Payable	49,29,443	53,81,603
Contribution to Statutory Fund Payable	17,12,619	17,22,202
Insurance Premium Payable	11,03,392	34,45,457
Interest accrued but not due on borrowings	45,23,339	88,42,796
Rent Payable	36,406	-
Lease Liability	-	13,32,350
Death Claim Payable	2,11,027	1,96,481
Payable towards BC arrangement	3,34,689	39,07,029
Payable on assignment	2,73,95,697	5,53,13,507
Payable for expenses	4,29,328	6,18,193
Instalment received in advance from customers	99,33,142	10,29,500
Other Payables	20,121	1,12,100
Total	**5,06,29,203**	**8,19,01,218**

2.16 Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Provision For employee benefit		
For Compensated Leave	47,54,535	39,28,942
For Gratuity	97,85,751	86,04,989
Provision for loss on collection in BC Arrangement	42,35,536	1,53,250
Total	**1,87,75,822**	**1,26,87,181**

2.17 Other non-financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues payable / statutory remittances	61,50,705	56,79,167
DDT Payable	-	-
Dividend Payable	43,11,610	15,96,045
TDS payable	15,18,088	24,72,369
GST Payable	3,21,007	16,10,753
Security deposits against tab	27,40,001	24,88,000
Deferred Processing Income	72,58,108	1,74,83,983
Servicing Liability	2,14,288	16,37,113
Total	**1,63,63,102**	**2,72,88,263**

2.18 Share capital

Particulars	As at March 31,	As at March 31, 2020
Authorised share capital :		
3,00,00,000 (March 31, 2020: 3,50,00,000) equity shares of Rs.10/- each	300,000,000	350,000,000
	300,000,000	350,000,000
Issued and subscribed capital comprises :		
1,92,20,846 (March 31, 2020: 1,92,20,846) equity shares of Rs.10/- each	192,208,460	192,208,460
Total issued, subscribed and fully paid-up share capital	**192,208,460**	**192,208,460**

a. Reconciliation of shares outstanding as at the beginning and at the end of the reporting period:

Equity shares Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	19,220,846	192,208,460	19,220,846	192,208,460
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**19,220,846**	**192,208,460**	**19,220,846**	**192,208,460**

Terms of Issue:

The Company has single class equity shares having a par value of Rs. 10/- per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Each holder of equity shares is entitled to one vote per share, except India Nivesh Capitals Ltd's voting power which is restricted to 49% of equity share capital and holding in excess of 49% of equity share capital is not entitled to voting power.

The details of shareholder holding more than 5% equity shares are set below:

Name of Shareholder	% of Voting Rights	As at March 31, 2021 Number of shares	% of holding	As at March 31, 2020 Number of shares	% of holding
K M Viswanathan	15.74%	2,930,000	15.24%	2,930,000	15.24%
India Nivesh Capitals Limited	49.00%	10,989,646	57.18%	10,989,646	57.18%
AU Small Finance Bank	5.77%	1,051,200	5.47%	1,051,200	5.47%
Total	**70.51%**	**14,970,846**	**77.89%**	**14,970,846**	**77.89%**

The details of Shares held by holding company :

	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
Equity shares				
India Nivesh Capitals Limited, the holding Company	10,989,646	109,896,460	10,989,646	109,896,460

2.19 Other equity

Particulars	As at March 31,	As at March 31, 2020
Reserve u/s 45-IA of RBI Act, 1934	17,734,851	17,734,851
Securities Premium Account	101,259,590	101,259,590
Remeasurement of Defined Benefit Plans	1,785,866	700,664
Retained Earnings	(61,191,270)	(15,456,947)
Loans through Other Comprehensive Income	524,517	1,398,229
	60,113,554	105,636,387

Nature of Reserves:

1 **Reserve u/s. 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")**

Reserve u/s. 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act,1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 **Securities premium**

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 **Other Comprehensive Income**

On Loans

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within

Remeasurement of the defined benefit plan

Remeasurement of the net defined benefit plan comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

M Power Micro Finance Private Limited
Notes to Financial Statements for the year ended March 31, 2021

(Amount in Rs.)

3.01 Interest Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On financial instruments measured at amortised cost		
Loans & Advances		
- On Financial assets measured at amortised cost	319,569,083	370,426,007
- On Financial Assets classified at fair value through other comprehensive income	3,040,399	5,235,963
Deposits with Banks	9,996,213	10,656,719
Total	332,605,695	386,318,689

3.02 Fees and commission Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Commission & Brokerage Income	554,687	6,211,966
Professional & Consulting Fees	3,458,800	15,921,300
Service Fees	39,802,565	37,689,314
Total	43,816,052	59,822,580

3.03 Net Gain on fair value changes

	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(A)	Net gain/(loss) on financial instruments at fair value through profit & loss		
	On financial instruments designated at fair value through profit or loss	1,095	1,457,412
(B)	Total Net gain/(loss) on fair value changes		
	Fair Value changes :		
	- Realised	1,095	1,424,557
	- Unrealised		32,855
	Total Net gain/(loss) on fair value changes	1,095	1,457,412

3.04 Other Income

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of property, plant & equipment	-	15,858
Recovery of Bad debts	1,269,287	1,168,273
Interest on security deposit on rent	95,927	83,146
Provision no longer required	2,342,840	4,995,902
Interest on IT Refund	1,277,400	-
Others	88,273	6,064
Total	5,073,727	6,269,243

3.05 Finance costs

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on term loan	146,024,268	205,281,119
Interest on debt securities	4,229,388	4,565,778
Interest on borrowing through Securitisation	15,109,337	9,272,458
Interest on Subordinated liabilities*	18,732,016	17,105,321
Other Interest Expense	20,000	8,921,137
Total	184,115,009	245,145,813

*Dividend on preference shares amounting to Rs34,27,870./- (March 31 2020 - Rs. 19,38,200/-) treated as finance cost in accordance with Ind AS.

3.06 Fees and commission Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Brokerage & Commission Expenses	-	61,000
Guarantee Fees	941,148	1,291,489
Total	941,148	1,352,489

"Nurture Dreams Transform Lives"

M Power Micro Finance Private Limited
Notes to Financial Statements for the year ended March 31, 2021

(Amount in Rs.)

3.07 Impairment on financial instruments

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Impairment provision /(Provision reversal)		
- On Financial assets measured at Amortised Cost	29,451,390	7,527,546
- On Financial Assets classified at fair value through other comprehensive income	1,725,129	201,227
Write off	17,829,508	17,604,230
Loss on securitisation	-	4,980,183
Total	**49,006,027**	**30,313,186**

3.08 Employee benefits expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries , other allowances and bonus	137,650,584	146,549,329
Compensated Leave absences	825,593	2,199,678
Contribution to provident and other funds	10,462,740	10,797,998
Gratuity expense	2,752,401	3,027,330
Staff welfare expense	5,854,946	14,604,323
Total	**157,546,264**	**177,178,658**

3.09 Depreciation and amortization expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	1,534,815	3,018,248
Amortization of Right-of-use asset	1,282,430	1,188,418
Amortization of intangible assets	1,391,183	1,394,351
Total	**4,208,428**	**5,601,017**

3.10 Other Expenses

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent and Maintenance	14,148,850	13,756,621
Rates & Taxes	2,045,139	3,036,734
Electricity Charges	951,673	1,259,996
Travelling & Communication Expenses	3,147,232	3,869,791
Printing and stationery	1,776,811	2,982,632
Advertisment expense	12,000	67,838
Membership fees	786,043	674,222
Director sitting fees	45,000	105,000
Insurance	492,115	465,300
Payment to Auditors	425,000	425,000
Postage & Courier expenses	957,884	2,082,015
Repairs & Maintanance	640,425	764,267
Loss in Business Correspondence arrangement	12,982,876	3,047,613
ROC Filling Fees	9,600	34,200
Software & licence expenses	4,257,446	5,578,064
Bank Charges	1,352,187	881,036
Legal and professional fees	2,492,855	3,041,192
Office expenses	1,547,951	1,955,146
Dividend distribution tax on Preference dividend	-	73,413
Other Expenses	3,134	4,408
Total	**48,074,221**	**44,104,488**

Payment to Auditors	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
Audit fee	350,000	350,000
Tax Audit Fee	75,000	75,000
Total	**425,000**	**425,000**

(Amount in Rs.)

3.11 Tax Expense

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) The components of income tax expense for the years ended 31 March 2019 and 2018 are:		
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
Deferred tax	(7,640,871)	(10,437,216)
Total tax expense	**(7,640,871)**	**(10,437,216)**
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate :		
Profit before income tax expense	(53,375,194)	7,462,000
Applicable tax rate	25.17%	25.17%
Computed tax expense	**(13,434,536)**	**1,878,036**
Tax effect of adjustments:		
Tax on expenditure not considered for tax provision (net of allowance)	22,528,731	37,718,888
Tax amount on income not subject to tax	(16,958,692)	(44,357,630)
Utilisation of previously unrecognised tax losses	223,626	(5,392,685)
Excess provision in earlier years		-
Impact of allowance of Provision 5% as per Section 36(1)(viia) of IT act, 1961		(283,826)
Income tax expense	(7,640,872)	(10,437,216)

(Amount in Rs.)

4.01 Repayment Terms of borrowings (Refer Note 2.12)

Funder	Availment Date	Amount Outstanding 2020-21 Current Maturity	Amount Outstanding 2020-21 Long Term maturity	Amount Outstanding 2019-20 Current Maturity	Amount Outstanding 2019-20 Long Term maturity	Interest Rate	Repayment Terms	No. of Instalments Outstanding as at 31, March 2021
Secured Term Loan from Banks								
AU Small Finance Bank Ltd	18-May-18 & 10-July-18	-	-	15,000,390	-	13.00%	Monthly	0
Axis Bank	29-Jun-19	10,416,673	-	24,999,996	6,250,007	14.25%	Monthly	5
Bank of Maharashtra	30-Jun-16	16,668,000	24,054,775	-	-	13.40%	Quarterly	29
Canara Bank	24-Sep-19	16,415,280	17,783,225	16,666,668	24,999,998	12.50%	Monthly	25
Development Credit Bank Limited	30-Sep-16	4,776,486	5,223,514	-	-	13.10%	Monthly	21
IDFC First Bank	8-Aug-19	24,663,191	-	28,571,424	11,904,768	14.00%	Monthly	10
Union Bank of India	31-Jul-17	-	-	5,111,637	-	11.40%	Monthly	0
Suryodaya Small Finance Bank Ltd	30-Jul-18	-	-	10,404,000	-	14.15%	Monthly	0
	31-Jan-20	17,714,004	3,381,622	17,714,004	16,237,829	14.00%	Monthly	15
Secured Term Loan from financial institutions								
Avanse Financial Services Ltd	29-May-18	-	-	4,728,701	-	14.25%	Monthly	0
Annapurna Finance Pvt. Ltd	13-May-19	29,902,412	-	50,000,000	8,333,332	15.00%	Monthly	7
	1-Aug-19	11,533,788	-	15,000,000	5,000,000	15.00%	Monthly	9
IDFC First Bank	18-Sep-17	-	-	20,000,000	-	14.00%	Quarterly	2
Capri Global Capital Ltd	24-Aug-18	-	-	12,500,006	-	14.50%	Monthly	0
	19-Mar-19	3,333,340	-	10,000,004	-	16.00%	Monthly	4
Cholamandalam Investmen & Fin Co Ltd.	17-Jan-20	19,067,390	-	19,527,488	8,944,249	13.50%	Monthly	12
Hinduja Layland Finance Ltd	27-Mar-19	6,916,189	-	26,487,186	-	11.97%	Monthly	3
	5-Dec-19	28,577,646	-	24,120,528	20,338,549	13.50%	Monthly	12
	9-Jun-20	25,931,454	7,152,895	-	-	16.00%	Monthly	15
	29-Sep-20	14,963,738	8,300,135	-	-	14.00%	Monthly	18
	29-Jan-21	14,120,591	14,789,023	-	-	14.00%	Monthly	23
Muthoot Capital Services Ltd.	31-Jan-18	6,250,810	-	20,833,342	-	14.00%	Monthly	3
	29-Jun-19	18,792,858	-	24,999,996	8,333,340	14.75%	Monthly	9
Manappuram Finance Limited	10-Jan-19	-	-	18,578,514	-	15.00%	Monthly	11
	7-Jun-18	-	-	8,333,340	-	14.10%	Monthly	4
	7-Jun-18	-	-	8,333,340	-	14.10%	Monthly	4
	30-Aug-18	-	-	10,416,673	-	14.10%	Monthly	5
	1-Nov-18	-	-	8,750,000	-	15.10%	Monthly	7
	1-Nov-18	-	-	13,125,000	-	15.10%	Monthly	7
MAS Financial Services Limited	31-Jan-19	2,916,375	-	13,125,005	-	14.25%	Monthly	2
	26-Jun-19	7,291,277	-	12,500,000	2,083,330	14.25%	Monthly	7
	26-Jun-19	7,291,278	-	12,500,000	2,083,330	14.25%	Monthly	7
	30-Sep-19	11,457,718	-	12,500,004	6,249,994	14.25%	Monthly	11
	30-Sep-19	11,457,717	-	12,500,004	6,249,994	14.25%	Monthly	11
	1-Nov-19	6,874,654	-	7,500,000	3,750,000	14.00%	Monthly	11
	23-Dec-19	15,000,000	1,250,324	15,000,000	10,000,000	14.00%	Monthly	13
	20-Feb-20	20,000,004	5,010,378	20,000,000	16,666,666	14.00%	Monthly	15
	20-Feb-20	20,000,004	5,010,378	20,000,000	16,666,666	14.00%	Monthly	15
	7-Dec-20	12,500,000	12,500,000	0	0			20
Mudra Limited	17-Feb-20	9,300,000	2,175,000	8,525,000	11,475,000	6.43%	Monthly	15
NABKISAN Finance Ltd.	1-Aug-19	41,131,392	-	55,000,000	27,500,000	14.50%	Quarterly	3
	19-Jun-18	-	-	14,580,521	-	14.50%	Monthly	3
Northern Arc Capital Ltd. (Formely IFMR Capital Finance Pvt Ltd)	16-Aug-18	-	-	12,024,340	-	14.50%	Monthly	5
	14-Sep-18	-	-	14,330,684	-	14.50%	Monthly	6
	8-Mar-19	8,764,136	-	27,460,767	-	15.50%	Monthly	3
	29-Sep-20	12,065,355	-					7
	31-Mar-21	30,000,000	-					12
Profectus Capital Private Limited	30-Aug-19	7,845,403	-	20,746,288	-	15.35%	Monthly	5
Shriram City Union Finance Ltd.	31-May-18	-	-	7,067,093	-	14.50%	Monthly	0
Samunnati Financial Intermediation & Services Pvt. Ltd.	31-Aug-18	-	-	13,831,924	-	14.10%	Monthly	0
Vivriti Capital Private Limited	6-Jun-18	-	-	1,587,012	-	14.75%	Monthly	0
	20-Mar-19	4,655,183	-	26,763,803	-	15.00%	Monthly	2
	18-Apr-19	4,217,416	-	15,919,320	1,397,266	15.00%	Monthly	3
	24-May-19	3,676,641	-	10,490,301	1,818,296	15.00%	Monthly	4
	3-Sep-19	18,631,525	-	24,888,066	14,223,149	15.00%	Monthly	8
	30-May-20	18,750,014	12,250,044			16.00%	Monthly	18
Vehicle Loan								
HDFC Bank Ltd	20-Jun-16	-	-	46,601	-	10.20%	Monthly	0
KBL Bank Ltd	18-Mar-16	189,761	218,849	178,641	410,859	10.50%	Monthly	24
Borrowings under Securitisation Arrangement								
Northern Arc 2019 Mosec Girard	31-Dec-19	29,935,560	-	79,377,685	16,276,879	11.25%	Montly	6
Vivriti Cabsec 009 2019	30-Dec-19	10,520,070	-	76,381,635	-	10.50%	Montly	6
Total		**584,515,332**	**119,100,162**	**949,026,932**	**247,193,501**			

(a) All term loans are secured against exclusive charge on the standard assets portfolio receivables pertaining to micro credit loans and cash collateral as per respective agreements.
(b) Vehicle loan is secured by hypothecation of vehicle financed by bank.

(Amount in Rs.)

4.02 Earnings Per Share (EPS)

Particulars	As At March 31, 2021	As At March 31, 2020
Basic and Diluted earnings per share :		
Attributable to equity holders of the Company	(2.38)	0.93
Profit attributable to equity holders of the Company used in calculating basic earnings per share	(45,734,323)	17,899,216
Weighted average number of Equity shares used as the denominator in calculating basic and diluted earnings per share	19,220,846	19,220,846

4.03 Contingent Liabilities

Particulars	Year Ended March 31, 2021	Year Ended March 31, 2020
Contingently liable to Banks/Financial Institutions to the extent of Cash collateral deposits/security provided in respect of:		
Securitisation transaction	15,795,242	15,795,242
Business correspondence transaction	44,405,401	41,905,401
	60,200,643	**57,700,643**

4.04 Capital and other Commitments

The Company has no capital and other commitments as on March 31, 2021 (March 31, 2020 : NIL)

4.05 Capital

A) Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and requirements of the financial covenants. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(Amount in Rs.)

B) Regulatory capital

	As at March 31, 2021	As at March 31, 2020
Tier I capital	180,931,466	203,285,270
Tier II capital	48,502,113	41,149,679
Total Capital	**229,433,579**	**244,434,948**
Risk weighted assets	1,069,603,858	1,570,796,973
CRAR as a Percentage of Total Risk Weighted Assets (%)	**21.45%**	**15.56%**

Tier I capital consists of shareholders' equity and retained earnings.

Tier II capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier1).

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(Amount in Rs.)

4.06 Leases

The Lease asset classes primarily consist of leases for office premises.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Right-of-use asset are subsequently measured at cost less accumulated amortisation and impairment losses if any and adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the incremental borrowing rates in the country of domicile of the leases.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in terms of the contract, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Following are the movements in the carrying value of right of use assets for the year ended March 31, 2021:

Particluars	Amount
Gross Carrying Amount	
Balance as at April 1, 2020	2,376,835
Additions	1,282,430
Deletions	2,376,835
Balance as at March 31, 2021	**1,282,430**
Accumulated amortization	
Balance as at April 1, 2020	1,188,418
Additions	1,282,430
Deletions	1,188,418
Balance as at March 31, 2021	**1,282,430**
Net carrying amount as at 31 March 2021	-

Following are the movements in lease liabilities during the year ended March 31, 2021;

Particulars	Amount
Balance as at Beginning	1,332,350
Additions	1,282,430
Deletions	1,332,350
Finance cost accrued during the period	106,570
Payment of lease liabilities	1,389,000
Balance at the year end	-

Rental expense recorded for short-term leases was Rs. 1,36,92,223 for the year ended March 31, 2021

Future lease cash outflow for all leased assets

Particulars	Amount
Not later than one year	15,687,683
Later than one year but not later than five years	73,653,522
Later than five years	-

Maturity analysis of lease liability as at 31 March 2021

Particulars	Amount
Lease liability	
-Within 12 months	-
-After 12 months	-
	-

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(Amount in Rs.)

4.07 Employee Benefit Plans

Brief description of the Plans:

(A) Defined benefit plans:

The gratuity scheme is a defined benefit plan that provides for a lump sum payment to the employees on exit either by way of retirement, death or disability. The benefits are defined on the basis of final salary and the period of service.

These plans typically expose the Company to actuarial risks such as: interest rate risk, demographic risk and salary inflation risk

Interest rate risk:	The defined benefit obligation calculated uses a discount rate based on government bonds. All other aspects remaining same, if bond yields fall, the defined benefit obligation will increase.
Demographic risk:	This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.
Salary Inflation risk:	All other aspects remaining same, higher than expected increases in salary will increase the defined benefit obligation.
Retirement Age:	It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.
Asset Liability Mismatch:	This will come into play unless the funds are invested with a term of the assets replicating the term of the liability.
Acturial Risk:	It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected. Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.
Investment Risk:	For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
Liquidity Risk:	Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
Market Risk:	Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

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Legislative Risk/ Regulatory Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation
And the same will have to be recognized immediately in the year when any such amendment is effective.

The disclosure as required by Ind AS 19 as per actuarial valuation regarding Employee Retirement Benefits Plan for Gratuity is as follows:

Expenses recognised in Statement of Profit and Loss in respect of these defined benefit plan are as follows:

Particulars	March 31, 2021	March 31, 2020
Current Service Cost	2,138,922	2,613,043
Past service cost		-
Interest Expense on DBO	613,479	414,286
Defined Benefits cost included in P&L	**2,752,401**	**3,027,330**

Remeasurement effects recognized in Other Comprehensive Income (OCI)

Particulars	March 31, 2021	March 31, 2020
Actuarial (Gain)/Losses due to Demographic Assumption changes in DBO	-	576,238
Actuarial (Gain)/Losses due to Financial Assumption changes in DBO	(523,454)	847,357
Actuarial (Gain)/Losses due to Experience on DBO	(926,769)	(1,792,149)
Total Actuarial (Gain)/loss included in OCI	**(1,450,223)**	**(368,554)**

Net Defined Benefit Cost for the year

Particulars	March 31, 2021	March 31, 2020
Cost Recognised in P&L	2,752,401	3,027,330
Remeasurement Effect Recognised in OCI	(1,450,223)	(368,554)
Total Defined Benefit Cost	**1,302,178**	**2,658,776**

Funded Status and the amount recognised in the Balance Sheet for the Plan:

Net Asset/(Liability) Recognised in Balance Sheet	March 31, 2021	March 31, 2020
Present value of Unfunded obligation	9,785,751	8,604,989
Funded status [Surplus/(Deficit)] {Para 64(a)}	**(9,785,751)**	**(8,604,989)**
Net Liability	9,785,751	(8,604,989)
Recognised in balance sheet	(9,785,751)	(8,604,989)
Net Expense	**(9,785,751)**	**(8,604,989)**

Amounts Recognized in Other Comprehensive Income

Particulars	March 31, 2021	March 31, 2020
Opening cumulative other comprehensive Income	(936,341)	(567,787)
Net increasing in OCI	(1,450,223)	(368,554)
Total Recognised In Other Comprehensive Income	**(2,386,564)**	**(936,341)**

Changes In Present Value Of Defined Benefit Obligation And Reconciliation Thereof

Particulars	March 31, 2021	March 31, 2020
Present Value of Defined Benefits Obligation (Opening)	8,604,989	6,256,627
Interest Cost	613,479	414,286
Current Service Cost	2,138,922	2,613,043
Prior Service Costs		-
Benefit payments from employer	(121,416)	(310,414)
Actuarial (Gains)/Loss	(1,450,223)	(368,554)
Present Value of Defined Benefits Obligation (Closing)	**9,785,751**	**8,604,989**

Reconciliation of Opening & Closing balances of plan assets:

Particulars	March 31, 2021	March 31, 2020
Fair Value of Plan Assets at end of prior year	-	-
Employer direct benefit payments	121,416	310,414
Benefits Pay-outs from employer	(121,416)	(310,414)
Actuarial Gain/(Loss)	-	-
Fair Value of assets at the End	-	-

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Reconciliation Of Net Balance Sheet Liability:

Particulars	March 31, 2021	March 31, 2020
Net Balance sheet Asset/(Liability) Recognised at beginning	(8,604,989)	(6,256,627)
Amount Recognised In Accumulated Other Comprehensive Income/Loss at the beginning of the period	936,341	567,787
(Accrued)/ Prepaid benefit cost (Before adjustment) at beginning the of period	(9,541,330)	(6,824,414)
Net Periodic Benefit (Cost)/Income for the period excluding Para 64 (b)	(2,752,401)	(3,027,330)
Employer Contribution	-	-
Employers Direct Benefits Payments	121,416	310,414
Comprehensive Income/Loss at the end of the period	-	-
(Accrued)/Prepaid benefit cost (Before Adj) at end of period	(12,172,315)	(9,541,330)
Amount Recognised In Accumulated Other Comprehensive Income/Loss at the end of	2,386,564	936,341
Acquisition/Divestures/Transfer	-	-
Effect of the Limit in Para 64(b)	-	-
Net Balance Sheet Asset/Liab Recognised at the end of the period	**(9,785,751)**	**(8,604,989)**

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and withdrawal rates. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Particulars	March 31, 2021		March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (+ / - 100 basis points)	1,425,024	(1,150,368)	1,330,736	(1,069,423)
(% change due to sensitivity)	14.56%	-11.76%	15.46%	-12.43%
Salary Growth (+ / - 100 basis points)	(1,140,154)	1,367,200	(1,056,944)	1,271,857
(% change due to sensitivity)	-11.65%	13.97%	-12.28%	14.78%
Attrition Rate (+ / - 100 basis points)	372,535	(321,074)	392,920	(337,675)
(% change due to sensitivity)	3.81%	-3.28%	4.57%	-3.92%
Mortality Rate 10% UP				(7,890)
				-0.08%

P.U.C method has been used. If an employee's service in later years will lead to a materially higher level of benefit than in earlier years, these benefits are attributed on a straight-line basis. The limitations are that in assessing the change other parameters are kept constant. As some of the assumptions may be correlated, it is unlikely that changes in assumptions will occur in isolation of one another.

There is no change from the previous period in the methods and assumptions used in the preparation of above analysis, except that the base rates have changed

Expected future benefits payable - Maturity profile of defined benefit obligation

Information on the maturity profile of the liabilities given below	March 31, 2021	March 31, 2020
Projected Benefit Obligation	9,785,751	8,604,989
Accumulated Benefits Obligation	4,199,304	3,461,739

Five Year Payouts	31-Mar-21	
	Discounted values / Present value	Undiscounted values / Actual value
Year (I)	1,463,902	1,542,046
Year (II)	106,818	120,599
Year (III)	102,343	123,842
Year (IV)	314,643	398,802
Year (V)	88,391	122,871
Next 5 year pay-outs (6-10 years)	1,907,500	2,988,995
Pay-outs Above Ten Years	**5,802,154**	**28,409,355**
Vested benefit Obligation as on March 31, 2021		5,803,237

The key assumptions used for the purpose of the actuarial valuations were as follows:

Particulars	Valuations as at March 31, 2021	Valuations as at March 31, 2020
Financial Assumptions		
Discount Rate	7.18%	6.79%
Salary Escalation	9.00%	9.00%
Demographic Assumptions		
Attrition Rate	5.00%	5.00%
(Graded rates from Age 35 - 3.57%, From Age 40 - 2.38%, From Age 45 - 2%, From Age 50 - 1%)		
Mortality	Indian Assured Lives Mortality(2012-14) (Ultimate)	

Other Disclosures:

(a) The company has not started funding the gratuity liability & has been following pay as you go method for setting the liability

(b) The weighted average duration of the obligations as at March 31, 2021 is 21.62 years (March 31, 2020: 22.76 Years)

(B) Compensated absences

The Company operates an earned leave scheme for employees. The employees are entitled to compensated absences benefits based on the last drawn basic salary and number of days of leave accumulated based on the policy of the Company.

Maturity Profile

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of unfunded obligations	4,754,535	3,928,942
Expense recognised in the Statement of Profit and Loss	825,593	2,199,678
Discount rate (p.a.)	7.18%	6.79%
Salary escalation rate (p.a.)	9.00%	9.00%

"Nurture Dreams Transform Lives"

(Amount in Rs.)

4.08 Financial Risk Management

Risk is an integral part of the Company's business and sound risk management is critical to the success. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates and primarily includes credit, liquidity and market risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Company has adopted credit and risk policy to ensure that Comapny's financing portfolio remains of sound quality, portfolio gorwth is supported and credit risk is being managed in a manner that minimizes creation of Non-Performing Assets (NPAs).

The Company has adopted credit and risk policies that deals with identifying, capturing, evaluating and reporting of risk. The risk management process ensures that the risk associated with the functioning of the Company are identified, controlled and mitigated.

I. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances and trade receivables. For a micro finance institution, this assumes more significance since the lending that is carried out is not backed by any collaterals.

The credit risk policy of the Company deals with the following:

(i) To ensure that all the risks associated with the functioning of the Company are identified, controlled and mitigated.
(ii) Laying down procedures regarding managing and mitigating the risk through Integrated Risk Management Systems, Stratagies and Mechanisms.
(iii) Dealing with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process.
(iv) Oversight over implementation of risk and other policies inluding KYC Policies.

Risk Identification

Credit risk may originate in one or multiple of following ways mentioned below:
(i) Adverse selection of members for group formation eg. (bogus members, defaulters, etc.)
(ii) Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
(iii) Undue Influence of Animator/Representative on group members (misuses of savings of group, etc.)
(iii) Sanction of higher loan amount
(iv) Improper use of loan amount than the designated activity
(v) Over-concentration in any geography/branch/zone etc
(vi) Change in the savings pattern/meeting pattern of group post availing loan (eg. failure of members to deposit minimum savings amount each month, absence of members from meetings, etc.)

Risk assessment and measurement

Company is having a robust risk assessment framework in the form of separate Audit Department to address each of the identified risks. The following is the framework implemented in order to ensure assessement and mitigation of risk.
(i) Selection of client base for group formation
(ii) Adequate audit activity is carried out for Selection of women borrowers who are then brought together for JLG formation. (eg. members with same level of income, only one member from family, annual household income income, etc.)
(iii) Adequate Training and Knowledge of JLG operations
(iv) Credit worthiness of customers and and credit bureau check

Risk Monitoring

Risk Monitoring is a very strong tool to ensure that things are going in expected manner and if something found in terms of deviation corrective action is taken immediately. Monitoring is a continuous process which mainly covers following aspects:
(i) De-dupe process / credit check - to verify whether applicant has loan from Mpower or another FIs.
(ii) Home Verification - visit to customers residence to assess the livelihood condition of applicant.
(iii) Reference check
(iv) Group Recognition Test and
(v) Cash flow analysis of customer
(vi) Loan utilisation check
(vii) Surprise center visit
(viii) Overdue account watch.

Risk Mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.
The following risk mitigation measures has been suggested at each stage of loan life cycle:
(i) Loan Origination - site screening, independent vist by BM/BRM, adequate training to officers.
(ii) Loan underwriting - credit bureau check to ensure borrowing by customer is within the parameters prescribed by RBI.
(iii) Loan Pre and Post Disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
(iv) Loan monitoring - Risk Manager / Senior Officer to conduct surprise visit to group meeting, reminder of payment of emis on time, etc.
(v) Loan collection and recovery - monitor repayments. It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Impairment assessment

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

Stage Assessment

As per the provision of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, the Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. The Group has staged the assets based on the days past due criteria and other market factors which significantly impacts the portfolio.

Rating	Loans days past due	Stages	Provisions
High grade	Not yet due	Stage I	12 Month Provision
Standard grade	1-30 DPD	Stage I	12 Month Provision
Sub-standard grade	30-60 DPD	Stage II	Remaining Period Provision
Past due but not impaired	60-89 DPD	Stage II	Remaining Period Provision
Individually impaired	90 DPD or More	Stage III	Remaining Period Provision

Probability of Default

Probability of Default (PD) describes the probability of a loan to eventually falling into Stage 3. PD percentage is calculated for each loan account separately and is determined by using available historical observations.

PD for stage 1: is derived as percentage of all loans in stage 1 moving into stage 3 in 12-months' time.

PD for stage 2: is derived as percentage of all loans in stage 2 moving into stage 3 for the remaining period of the loans under observation.

PD for stage 3: is derived as 50% considering that the default occurs as soon as the loan becomes overdue for 90 days which matches the definition of stage 3.

Loss Given Default (LGD)

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive. LGD rates have been computed internally based on the discounted recoveries in NPA accounts that are closed/ written off/ repossessed and upgraded during the year. When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Exposure at default (EAD)

Exposure at default (EAD) is the sum of outstanding principal and the interest amount accrued but not received on each loan as at reporting date.

Significant Increase in credit risk

The internal rating model evaluates the loans on an ongoing basis. The rating model also assesses if there has been a significant increase in credit risk since the previously assigned risk grade One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

Company's financial assets measured on a collective basis

For Stage 3 assets ECL is calculated on an individual basis. For stages 1 and 2 the internal rating model analysis past trends, income level and other combinations.The loss estimation for these pools is hence done on a collective basis.

Analysis of inputs to the ECL model under multiple economic scenarios

Adjusting the ECL to reflect the expected changes (if any) in the economic environment for forward looking information in the form of management overlay.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios. The methodology and assumptions used for estimating future cash flows should be reviewed regularly so that there is minimum difference between expected loss and the actual loss expenses.

II. Asset Liability Management

Asset and Liability Management (ALM) is defined as the practice of managing risks arising due to mismatches in the asset and liabilities. Company's funding consists of both long term as well as short term sources with different maturity patterns and varying interest rates. On the other hand, the asset book comprises of loans of majority of similar duration and interest rates. Maturity mismatches are therefore common and has an impact on the liquidity and profitability of the company. It is necessary for Company to monitor and manage the assets and liabilities in such a manner to minimize mismatches and keep them within reasonable limits.

The objective of this policy is (i) - To create mechanism to compute and monitor periodically the maturity pattern of the liabilities and assets of Mpower, (ii) - To ascertain in percentage terms the nature and extent of mismatch in different maturity buckets, especially the 1-30/31days bucket and (iii) to ascertain the extent and nature of cumulative mismatch in different buckets.

The scope of ALM function can be described as follows:

(i) Liquidity risk management

(ii) Interest Rate risk management

(ii) Capital Adequacy

(Amount in Rs.)

Liquidity Risk

Measuring and managing liquidity needs are vital for effective operation. Liquidity management can reduce the probability of an adverse situation developing. Mpower measures the liquidity positions on an ongoing basis and it is tracked through maturity or cash flow mismatches. As a non-deposit taking NBFC, Mpower depends on the following sources of liquidity: (a) Operating cash on hand, (b) Funds held as short-term investments like Fixed Deposits, (c) Loans from Banks/FIs and (d) Collection from Customers (e) Direct Assignment (f) Securitisation.

For determining the appropriate mix of available funding sources utilized to ensure company liquidity is managed prudently and appropriately, the Mpower considers the current economic and market environment, near-term loan growth projections and long-term strategic business decisions.

Liquidity ratios

Advances to borrowings ratios

Particulars	2021	2020
Year end	1.17	1.15
Maximum	1.19	1.17
Minimum	1.00	1.00
Average	1.11	1.11

Borrowings from banks and financial institutions and issue of debentures are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings

The table below provide details regarding the contractual maturities of significant financial assets and liabilities as on:-

Maturity pattern of assets and liabilities as on 31 March, 2021:

Particulars	Upto 1 month	1 to 2 month	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	68,999,831	83,781,284	66,647,184	162,721,773	202,365,259	119,100,162	-	-	703,615,493
Debt securities	-	-	-	-	-	-	-	-	-
Subordinated debts	-	-	-	-	75,000,000	25,000,000	50,636,387	-	150,636,387
Total	**68,999,831**	**83,781,284**	**66,647,184**	**162,721,773**	**277,365,259**	**144,100,162**	**50,636,387**	-	**854,251,880**
Cash and bank balance	78,461,332								78,461,332
Deposits	1,145,272	5,161,269	4,404,702	40,292,836	22,903,113	36,566,063	-	-	110,473,255
Receivables	3,386,593	-	272,965	-	-	-	-	-	3,659,558
Loans*	83,413,188	82,341,623	79,786,988	217,294,314	320,376,451	139,922,706	45,482,526	-	968,617,797
Total	**166,406,384**	**87,502,892**	**84,464,655**	**257,587,150**	**343,279,564**	**176,488,769**	**45,482,526**	-	**1,161,211,941**

Maturity pattern of assets and liabilities as on 31 March, 2020:

Particulars	Upto 1 month	1 to 2 month	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Borrowings (other than debt securities)	93,669,003	109,415,716	104,776,814	257,912,619	377,093,767	242,631,600	10,720,915	-	1,196,220,434
Debt securities	6,666,667	6,666,667	6,666,667	20,000,000	6,666,664	-	-	-	46,666,665
Subordinated debts	-	-	-	-	30,000,000	50,000,000	50,000,000	-	130,000,000
Total	**100,335,670**	**116,082,383**	**111,443,481**	**277,912,619**	**413,760,431**	**292,631,600**	**60,720,915**	-	**1,372,887,099**
Cash and bank balance	52,669,058								52,669,058
Deposits	4,789,164	7,339,661	715,783	16,270,125	13,378,147	76,431,915	7,171,442	-	126,096,237
Receivables	1,110,188	1,424,720	-	478,188	2,964,145	-	-	-	5,977,241
Loans*	129,143,146	72,971,051	93,880,437	260,451,571	454,564,430	479,217,265	15,333,390	-	1,505,561,290
Total	**187,711,556**	**81,735,432**	**94,596,220**	**277,199,884**	**470,906,722**	**555,649,180**	**22,504,832**	-	**1,690,303,826**

Market Risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to two types of market risk as follows:

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

We are subject to interest rate risk, principally because we lend to clients at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. Our Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of Interest Margin

The spread or interest margin, otherwise known as "Interest Margin", is the difference between the return on assets and the expenses paid on liabilities. In terms of the RBI MFI Directions, the interest rate charged to the customer shall be lower of the (a) the cost of funds plus margin of 10% or (b) the average base rate of the five largest commercial banks by assets multiplied by 2.75. As the interst margin is capped at 10% in terms of RBI MFI Directions, the Company ensures to avail borrowing at such cost of funds that allows to maintain interest margin of 10% and to have better cotrol over operational expenses.

The sensitivity analysis have been carried out based on the exposure to interest rates for borrowings and loans given.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Borrowings				
Interest Rate (0.5% Movement)	(4,146,259)	4,146,259	(6,714,435)	6,714,435
Loans Given				
Interest Rate (0.5% Movement)	(4,843,089)	4,843,089	(7,527,806)	7,527,806

Price Risk

The Company's exposure to price risk is not material.

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected. The Company generally preclose the loans at the time of sanctioning fresh loan to the customer and hence loss on account of preclsoure has been observed to be minimal.

III. Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

4.09 COVID-19 Note

The ongoing Covid-19 pandemic and its effect on the overall economy has impacted consumer sentiments and collections thus affecting the Company's performance.

Further, the year under review has been one of the most challenging years both for your Company and its customers. The Covid-19 pandemic outbreak which began in the middle of March 2020 continued to impact the economy throughout the financial year 2020-21. The year was full of uncertainties with slowdown in activities on the ground. The world was introduced to the new normal of lockdowns, containment zones, work from home with restricted movements of people and goods. The nationwide transport system came to a grinding halt as Air, Train and Road travel got severely impacted. This was a never seen before situation which brought the economic activities in the country to a virtual standstill and still the impact is uncertain for future. Further, the companay manages the things in following manner :

Operation

The impact of the pandemic led to closure of almost all the Company's offices, business and recovery touch points and completely stalled the field operations from the last week of March 2020. Operations gradually resumed in mid-May in offices pan-India. Your Company has been strictly adhering to lockdown announcements in accordance with the directives issued by the Central, State Government and Local Administration while at the same time same time ensuring the adherence to safety protocols like temperature sensing, wearing of face masks, social distancing measures, office sanitizing etc.

Collection

Due to the pandemic and adherence to orders issued, business activities were slow in the economy hence collection were low during the first half of fiscal year. Thereafter, over all collection started improving from second half which enables the company to manage its liquidity by introducing new initiatives and effort to ramp up the collections.

Liquidity & Optimising Cost

During the financial year 2020-21, the Covid-19 pandemic has affected operations of the Company. The Company granted moratorium to its customers as per extant RBI circulars/guidelines and the Company was also able to avail moratorium from the majority of the lenders. Till date, the Company has made repayments to its lenders on time and without delay/default and has retained its staff strength without any major fluctuations. The Company has met its statutory obligations like PF, ESIC, TDS, GST, other taxes etc. without delay/default. The Company has disbursed Rs 14.48 Crores during the year as compared to Rs.161.72 Crores disbursed in FY 2019-20.

With a view to provide liquidity support to the Company in this pandemic time, the Company has received further capital in the form of Optionally Convertible Preference Shares ("OCPS") from the promoters and family/friends to the tune of Rs. 2.50 Crores.

Moratorium

As mentioned in the previous Annual Report and in accordance with the Board approved Moratorium Policy read with the Reserve Bank of India ('RBI') guidelines dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 relating to 'Covid-19 - Regulatory Package', the Company has granted moratorium up to six months on the payment of installments which became due between 1st March, 2020 and 31st August, 2020 to all eligible borrowers.

Expected Credit Losses

The COVID -19 pandemic continues to spread across the globe and India, which has contributed to a significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The potential impact of the COVID-19 pandemic on the Company's financial performance are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the second wave of COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets. The Company has, based on current available information and based on the policy approved by the board, determined the provision for impairment of financial assets of Rs.5.85 Crores.

Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Exgratia Scheme

The Honourable Supreme Court of India vide order dated 23rd March, 2021, has stated that interim relief granted vide an interim order dated 3rd September, 2020 stands vacated.

The RBI circular dated 7th April, 2021, advised all lending institutions to immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. 1st March, 2020 to 31st August, 2020, in conformity with the above judgement and advised all lending institutions to disclose in their financial statements for the year ended 31st March, 2021. . Since the Company has charged only simple interest from customers for the period from 1st March, 2020 to 31st August, 2020, and has not charged on 'interest on interest', the refund/adjustment of 'interest on interest' is not applicable.

4.10 Fair value Measurement

(i) Methods and assumptions used to estimate the fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

a) The carrying amounts of receivables and payables which are short term in nature such as trade receivables, other bank balances, deposits, loans to employees, trade payables, payables for acquisition of non- current assets, loans from banks and cash and cash equivalents are considered to be the same as their fair values.

b) Fair value of loans held under a business model that is achieved by both collecting contractual cash flows and partially selling the loans through partial assignment to willing buyers and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are designated under FVOCI. The fair value of these loans have been determined under level 3.

c) The fair values of long term security deposits taken, non-current borrowings and remaining non current financial liabilities are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

d) For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Analysis if financial instruments recorded at fair value

	As at March 31, 2021			As at March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at FVTPL						
Investments in Mutual Fund	-	-	-	593,055	-	-
Financial assets at FVOCI						
Loans	-	-	15,970,135	-	-	25,060,008

(ii) Categories of financial instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2: directly or indirectly observable market inputs, other than Level 1 inputs; and
Level 3: inputs which are not based on observable market data

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying values	Fair value	Carrying values	Fair value
Financial assets				
Measured at FVTOCI :				
Loans (Available for sale)	15,970,135	15,970,135	25,060,008	25,060,008
Measured at FVTPL:				
Investment in mutual funds	-	-	593,055	593,055
Measured at amortised cost :				
Cash and Bank balances	164,428,157	164,428,157	142,849,952	142,849,952
Loans	894,108,619	894,108,619	1,449,056,472	1,449,056,472
Other financial assets	39,837,521	39,837,521	50,220,030	50,220,030
Total Financial assets	1,114,344,432	1,114,344,432	1,667,779,517	1,667,779,517
Financial liabilities				
Measured at amortised cost :				
Debt Securities	-	-	46,666,665	46,666,665
Borrowings (Other than Debt Securities)	703,615,494	703,615,494	1,196,220,434	1,196,220,434
Subordinated liabilities	150,636,387	150,636,387	130,000,000	130,000,000
Other financial liabilities	50,629,203	50,629,203	81,901,218	81,901,218
Total Financial liabilities	904,881,083	904,881,083	1,454,788,317	1,454,788,317

(iii) Reconciliation of level 3 fair value measurement is as follows:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loans		
Balance at the beginning of the year	25,060,008	991,416
Gain included in OCI		
- Net change in fair value (unrealised)	(1,167,596)	1,787,968
Addition /derecognition/repaid during the year	(5,978,645)	22,499,127
Impairment in value of investments	(1,943,631)	(218,503)
Balance at the end of the year	15,970,135	25,060,008

(iv) Sensitivity analysis

(Rs.in lakhs)

Particulars	OCI			
	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Loans				
Interest Rate (0.5% Movement)	0.90	(0.90)	1.26	(1.26)

(Amount in Rs.)

4.11 Revenue from Contracts with Customers

Particulars	As At March 31, 2021	As At March 31, 2020
Type of income		
Fees and commission Income	43,816,052	59,822,580
Others	-	-
Total revenue from contracts with customers	43,816,052	59,822,580
Geographical markets		
India	43,816,052	59,822,580
Outside India	-	-
Total revenue from contracts with customers	43,816,052	59,822,580
Timing of revenue recognition		
Services transferred at a point in time	4,013,487	22,133,266
Services transferred over time	39,802,565	37,689,314
Total revenue from contracts with customers	43,816,052	59,822,580

Contract Balances

Particulars	As At March 31, 2021	As At March 31, 2020
Contract Asset		
Fees, commission and other receivables	3,659,558	5,977,241
	3,659,558	**5,977,241**
Contract Liabilities		
Servicing liability	214,288	1,637,113
	214,288	**1,637,113**

4.12 Disclosure as required by Indian Accounting Standard(Ind AS) 108 Operating Segments

The Company's business activity falls within a single business segment, ie. Micro Financial Institution lending to Self-help group of women and therefore, segment reporting in terms of Ind AS 108 on Segment Reporting is not applicable.

4.13 Related Party Disclosures

Relationships

Key Managerial Personnel and their relatives having significant influence — Mr. K M Vishwanathan; Mr. K V Balaji; Uma Sundari

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

Transaction During the year:-	For the year March 31, 2021	For the year March 31, 2020
A. The details of Managerial Remuneration		
Mr. K M Vishwanathan	4,738,000	4,944,000
Mr. K V Balaji	4,145,750	4,326,000
B. Details of salary paid	**2021**	**2020**
Uma Sundari	1,847,820	1,922,974
C. Rent Paid	**2021**	**2020**
Mr. K M Vishwanathan	267,870	277,398
D. Bonus Paid	**2021**	**2020**
Mr. K M Vishwanathan	-	400,000
Mr. K V Balaji	-	350,000
Uma Sundari	-	156,000
D. Preference Shares Issued	**2021**	**2020**
Mr. K M Vishwanathan	20,000,000	-

(Amount in Rs.)

4.14 Disclosure of dues to Micro and Small Enterprises as defined under the Micro and Small Enterprise Development (MSMED) 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 2021 and 31 March 2020 are furnished below:

Particulars	Amount in Rs. 2021	2020
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	-	-

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. This has been relied upon by the auditors.

(Amount in Rs.)

4.15 Assignment /Securitisation of Loan Portfolio:

Information of assignment /securitization transactions with the financial institution as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Total Number of Loan assets assigned/securitized	-	37,921
Total book value of Loan assets assigned/ securitized	-	926,832,259
Sale consideration received for the assigned/ securitized assets	-	830,734,400
Income recognised in the statement of profit and loss	7,741,967	42,408,960

Note:

1 This disclosure is made in accordance with RBI circular no DBOD.NO.BP.BC.60/21.04.048/2005-06 dated February 1, 2006.

2 During the current year company has done direct assignment of loan portfolio of Rs.Nil (previous year: Rs.686,708,826/-) under guidelines issued by Reserve Bank of India dated August 21,2012 without any credit enhancement as prescribed in the guidelines.

3 During the current year company has done securitization of loan portfolio of Rs. Nil (previous year: 240,123,432/-) under guidelines issued by Reserve Bank of India dated August 21, 2012 .

4 Income disclosed in the above table is as per the actual EIS received for the period calculated as per the circular no DBOD.NO.BP.BC.60/21.04.048/2005-06 dated February 1,2006.

As required in terms of circular RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012 for the securitization transactions entered on or after August 21, 2012:

Sr. No.	Particulars	Number/Amount March 31, 2021	Number/Amount March 31, 2020
1	Number of SPVs sponsored by the company for securitization/bilateral transactions	2	2
2	Total amount of securitized assets as per books of the SPVs/assignees sponsored by the company.	39,466,058	171,993,282
3	Total amount of exposures retained by the NBFC to comply with MRR as on date of balance sheet.	-	-
	a) Off balance sheet exposure		
	*First loss	15,795,242	15,795,242
	*Others	-	-
	b) On balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	Amount of exposures to securitisation transactions other than MRR	-	-
	a) Off balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	b) On balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	i. Exposure to own securitization	-	-
	*First loss	-	-
	*Others	-	-
	ii. Exposure to third party securitization	-	-
	*First loss	-	-
	*Others	-	-

(Amount in Rs.)

4.16 Concentration of Deposits, Advances, exposures and NPAs

i Concentration of Deposits (for deposit taking NBFCs)

Not Applicable as the Company is a non-deposit taking company

ii Concentration of Advances

Particulars	As at March 31, 2021	As at March 31, 2020
Total Advances to twenty largest borrowers*	1,000,000	1,000,000
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC*	0.69%	0.06%

* Excludes retained interest on direct assignment.

iii Concentration of Exposures

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest borrowers / customers*	1,113,236	1,000,000
Percentage of Exposures to Twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customer*	0.12%	0.07%

* Excludes retained interest on direct assignment.

iv Concrentration of NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts**	227,312	187,330

** NPA accounts refer to Stage 3 assets. Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

v Sectorwise NPAs:

S.No.	Sector	Percentage of NPAs to Total Advances in that sector	
		As at March 31, 2021	As at March 31, 2020
1	Agriculture & allied activities	3.84%	0.95%
2	MSME	5.66%	1.20%
3	Corporate Borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

"Nurture Dreams Transform Lives"

vi **Movement of NPAs:**

Particulars	As at March 31, 2021	As at March 31, 2020
(i) **Net NPAs to Net Advances**		
(ii) **Movement of NPAs (Gross)**		
(a) Opening balance	**28,918,597**	**22,325,419**
(b) Additions during the year	85,431,520	36,933,678
(c) Reductions during the year	(22,387,074)	(30,340,500)
(d) Closing balance	**91,963,044**	**28,918,597**
(iii) **Movement of net NPAs**		
(a) Opening balance	**14,455,178**	**8,587,774**
(b) Additions during the year	42,715,760	18,466,839
(c) Reductions during the year	(11,210,775)	(12,599,435)
(d) Closing balance	**45,960,164**	**14,455,178**
(iv) **Movement of provisions for NPAs (excluding provisons on standard assets)**		
(a) Opening balance	**14,463,419**	**13,737,645**
(b) Additions during the year (net of recovery)	42,715,760	18,466,839
(c) Reductions during the year (Amt Written off)	(11,176,299)	(17,741,065)
(d) Closing balance	**46,002,880**	**14,463,419**

vii **Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**

Name of the joint venture/Subsidiary	Other partner in the JV	Country	Total Assets
Not Applicable	Not Applicable	Not Applicable	Nil

viii **Off balancesheet SPVs sponsored**

Name of the SPV Sponsored

Domestic	Overseas
Not Applicable	Not Applicable

ix **Customer Complaints:**

(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	5
(c)	No. of complaints redressed during the year	5
(d)	No. of complaints pending at the end of the year	-

4.17 Exposure to Real Estate Sector, both Direct & Indirect :

The Company does not have any direct or indirect exposure to the real estate sector as at March 31, 2021 (March 31, 2020 : Nil).

4.18 Margin

In pricing of credit (the loan portfolio), the interest rates charged by the Company is lower of the cost of fund plus margin cap of 10% / 12%or the average base rate of five largest commercial banks by assets multiplied by 2.75, as per RBI Master Circular-Introduction of New Category of NBFCs- 'Non Banking Financial Company- Microfinance Institution (NBFC-MFIS)- Directions RBI/2013-14/482 DNBS.(PD) CC. No 369/03.10.38/2013-14 dated February 7, 2014.The Average Interest Rate on Borrowing and charged on loans during the financial year 2020-2021 is as under :

- Average cost of borrowings computed on average quarterly balance of outstanding borrowings and average monthly balance of outstanding borrowings for the year 2020-21is 16.64% and 16.32% respectively.

- Average interest charged calculated on average quarterly balance of outstanding portfolio and average monthly balance of outstanding portfolio for the year 2020-21 is 23.00% and 24.96% respectively.

4.19 Qualifying Asset :

The Company has maintained the qualifying asset percentage as at March 31, 2021, as specified in the RBI Master Circular-Introduction of New Category of NBFCs – 'Non -Banking Financial Company- Microfinance Institution (NBFC-MFIS)- Directions RBI/2013-14/49 DNBS.(PD) CC. No 347/03.10.38/2013-14 dated 1st July 2013.

4.20 Disclosure Pursuant to Reserve Bank of India Notification DNBR.008/CGM (CDS) - 2015 Dated March 27, 2015

Particulars	As At March 31, 2021	As At March 31, 2020
Liabilities Side :		
1 Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
a) Debenture		
- Secured	-	46,666,665
- Unsecured	-	-
(other than falling within the meaning of public deposits)		
b) Deferred Credits	-	-
c) Term loans	663,159,864	1,024,184,236
d) Inter Corporate Loans and borrowings	-	-
e) Commercial Paper	-	-
f) Other Loans (Borrowings under Securitisation Arrangement)	40,455,630	172,036,198
Assets Side :		
2 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
a) Secured	-	-
b) Unsecured	894,108,619	1,449,056,472
(Note: represents the Loan Portfolio less provision)		
3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	-
(b) Operating lease	-	-
(ii) Stock on Hire Including Hire Charges under sundry Debtors:		
(a) Assets on hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
4 Break-up of Investments :		
Current Investments:		
1 Quoted:		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

Long Term investments:		
1 Quoted:		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	593,055
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2 Unquoted:		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-

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

	Amount net of provisions			
	As at March 31, 2021		As at March 31, 2020	
Category	Secured	Unsecured	Secured	Unsecured
1 Related Parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than Related parties	-	894,108,619	-	1,449,056,472
Total	**-**	**894,108,619**	**-**	**1,449,056,472**

6 Investor group-wise Classification of Assets financed as in (2) and (3) above :

Category	MarketValue/ Break up or fair value or NAV	Book Value (Net of Provision)
1 Related Parties		
a) Subsidiaries	-	-
b) Companies in the same group	-	-
c) Other related parties	-	-
2 Other than Related parties	-	-
Total	-	-

7 Other Information

Particulars	As At March 31, 2021	As At March 31, 2020
(i) Gross Non Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	91,963,044	28,918,597
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	45,960,164	14,455,178

4.21 Capital Adequacy Ratio : Refer Note 4.05

4.22 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2020: Refer Note 4.08

4.23 Comparison between provisions required under Income recognition, asset classification and provisioning (IRACP) and impairment allowances as per Ind AS 109 'Financial instruments'

As at 31 March, 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	829,234,123	11,858,048	817,376,075	-	11,858,048
	Stage 2	47,420,630	678,115	46,742,515	-	678,115
Subtotal		**876,654,753**	**12,536,163**	**864,118,590**	**-**	**12,536,163**
Non-Performing Assets (NPA)						
Substandard	Stage 3	76,102,393	38,051,197	38,051,197	22,639,320	15,411,876
Doubtful - up to 1 year	Stage 3					
1 to 3 years	Stage 3	15,860,651	7,951,684	7,908,967	15,092,837	(7,141,153)
Subtotal for doubtful		91,963,044	46,002,880	45,960,164	37,732,157	8,270,723
Loss	Stage 3					
Subtotal for NPA		**91,963,044**	**46,002,880**	**45,960,164**	**37,732,157**	**8,270,723**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-

	Stage 1	829,234,123	11,858,048	817,376,075	-	11,858,048
Total	Stage 2	47,420,630	678,115	46,742,515		678,115
	Stage 3	91,963,044	46,002,880	45,960,164	37,732,157	8,270,723
		968,617,797	**58,539,043**	**910,078,754**	**37,732,157**	**20,806,886**

As at 31 March, 2020

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7=4-6
Performing Assets						
Standard	Stage 1	1,467,253,059	16,873,410	1,450,379,649	-	16,873,410
	Stage 2	9,389,634	107,981	9,281,653	-	107,981
Additional Provision (refer note below)					508,463	(508,463)
Subtotal		**1,476,642,693**	**16,981,391**	**1,459,661,302**	**508,463**	**16,472,928**
Non-Performing Assets (NPA)						
Substandard	Stage 3	23,279,009	11,639,504	11,639,504	16,123,987	(4,484,482)
Doubtful - up to 1 year	Stage 3					
1 to 3 years	Stage 3	5,639,588	2,823,914	2,815,674	6,814,498	(3,990,584)
Subtotal for doubtful		28,918,597	14,463,419	14,455,179	22,938,484	(8,475,066)
Loss	Stage 3					
Subtotal for NPA		**28,918,597**	**14,463,419**	**14,455,179**	**22,938,484**	**(8,475,066)**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
	Stage 1	1,467,253,059	16,873,410	1,450,379,649	-	16,873,410
Total	Stage 2	9,389,634	107,981	9,281,653	508,463	(400,482)
	Stage 3	28,918,597	14,463,419	14,455,179	22,938,484	(8,475,066)
		1,505,561,290	**31,444,810**	**1,474,116,480**	**23,446,947**	**7,997,862**

4.24 Disclosure pursuant to RBI Notification-RBI/2019-20/220 DORNo.CP.BC.63/21.04.048/2019 -20 dated April 17, 2020.

Particulars	As at 31 March, 2021	As at 31 March, 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended	848,541,158	1,468,532,514
Respective amount where asset classification benefits is extended.	848,541,158	1,468,532,514
Provision made **	-	-
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-	-

** The Company, being NBFC MFI ,has compiled with Ind-AS and guidelines duly approved by Board for recognition of impairments. Refer Note 4.09,

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

As per our report of even date
For G. M. Kapadia & Co
Chartered Accountants
Firm Regn No. 104767W

G. M. KAPADIA & CO. MUMBAI Chartered Accountants

Atul Shah
Partner
Membership No. 039569

Date: 02/08/2021
Place: Mumbai

M POWER MICRO FINANCE PVT. LTD. MUMBAI

For and on behalf of the Board of Directors

K M Vishwanthan
CEO & Director
DIN: 02778043

K V Balaji
COO & Director
DIN: 02776220

Shrikant Sapre
CFO

Biraj Pancholi
Company Secretary
Mem.No. A34135