V. NARAYANAN & CO
Chartered accountants

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

Independent Auditor's Report

To the Members of Svasti Microfinance Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Svasti Microfinance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2022, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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

4. We draw attention to Note 40 to the accompanying financial statements, which describes the uncertainties relating to the impact of COVID-19 pandemic outbreak on the Company's operations and its consequential impact on the financial statement of the Company, the extent of which is dependent on future developments. Our opinion is not modified in respect of this matter.

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

   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, 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.

V. NARAYANAN & CO Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

Responsibilities of Management and Those Charged with Governance for the Financial Statements

6. The accompanying financial statements have been approved by the Company's Board of Directors. 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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.

7. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

10. As part of an audit in accordance with Standards on Auditing, 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 with reference to financial statements 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 auditor's 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

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

to the date of our auditor's 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. 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.

Other Matter

12. The Financial statements of the Company for the year ended 31 March 2021 was audited by the predecessor auditor, who have expressed an unmodified opinion on those financial statements vide their audit report dated 24th Aug 2021.

Report on Other Legal and Regulatory Requirements

13. Based on our audit, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the Company since the Company is not a public company as defined under section 2(71) of the Act. Accordingly, reporting under section 197(16) is not applicable.

14. As required by the Companies (Auditor's Report) Order, 2020 ('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 paragraphs 3 and 4 of the Order.

15. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.

    f) We have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30 June 2022 as per Annexure B expressed unmodified opinion: and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company, as detailed in note 22 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2022;

V. NARAYANAN & CO. Old No. 45 New No. 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

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

(c) Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The final preference dividend paid by the Company during the year ended 31 March 2022 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

For **V. Narayanan & Co.**
Chartered Accountants
Firm's Registration No.: 002398S

Vaidyanathan NA
Partner
Membership No.: 209256
UDIN: 22209256AMUNWT7948

Place: Chennai
Date: Jun 30, 2022

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

V. NARAYANAN & CO
Chartered accountants

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

Annexure A of the Independent Auditor's Report of even date to the members of Svasti Microfinance Private Limited on the financial statements for the year ended 31 March 2022.

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company does not own any immovable property (including investment properties) (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.

(d) The Company has not revalued its Property, Plant and Equipment or intangible assets during the year.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) The company has not made any investments nor provided any guarantees/security. The company being a Non-Banking Finance Company and the principal business being to give loans, the terms and conditions of the grant of such loans and advances provided, in our opinion prima facie are not prejudicial to the company's interest;

(c) In respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments are generally regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The company being a Non-Banking Finance Company and its principal business is to give loans. For the loans provided to its customers, below mentioned is the total value of the loans that are overdue for more than 90 days. We found that management have undertaken reasonable steps for recovery of the principal and interest

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

No. of cases	Principal amount overdue	Interest Overdue	Total Overdue	Remarks (if any)
9,072	7,32,61,978	66,34,690	7,98,96,668	-

(e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company

(f) The company has granted loans or advances in the nature of loans that are repayable on demand. The aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is as below:

Particulars	All Parties	Promoters	Related parties
Aggregate amounts of Loans/advances in nature of loans - Repayable on demand (A) - Agreement does not specify any terms or period of repayment (B)	2,32,81,860 -	2,00,00,000 -	32,81,860 -
TOTAL (A+B)	2,32,81,860	2,00,00,000	32,81,860
Percentage of Loans/advances in nature of loans to the total loans	0.42%	0.36%	0.06%

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) The provisions of the sections 73 to 76 and any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended), are not applicable to the Company being a non-banking financial company registered with the Reserve Bank of India ('the RBI'), and also the Company has not accepted any deposits from public or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act. Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

V. NARAYANAN & CO. Old No 41 New No 58 Vallalar Street. Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

(vii)(a) In our opinion, and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act	Income Tax	15,04,190	3,10,000	AY 2018-19	CIT(A), Chennai
Income tax Act	Income Tax	114,130	0	AY 2015-16	CIT(A), Chennai
Income tax Act	Income Tax	149,320	0	AY 2019-20	CIT(A), Chennai
Income tax Act	Income Tax	5,59,640	0	AY 2017-18 to AY 2019-21	In the process of correcting on the NSDL website

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

(ix) (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) According to the information and explanations given to us including confirmations received from banks/ financial institution, representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

(c n our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) On an overall examination of the financial statements of the Company, fund raised on short term basis have, prima facie, not been used during the year for long term purposes by the company

(e) According to the information and explanations given to us, The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the company has been noticed or reported during the year.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Accounting Standard (AS) 18. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained by the Company.

(a) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.

(b) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.

(c) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

(xviii) There has been resignation of the statutory auditors during the year and based on the information and explanations given to us by the management and the response to our communication with the outgoing auditors, there have been no issues, objections or concerns raised by the outgoing auditors.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions , nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx)(a) In respect of expenses relating to other than ongoing project according to the information and explanations given to us, the Company has unspent amount of Rs. 13,01,141 which is not transferred towards the fund specified in schedule VII of the companies act 2013, as of the audit report date.

(b) According to the information and explanations given to us, there is no unspent amount pertaining to any ongoing project as at end of the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.

(xxi) The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **V Narayanan & Co**
Chartered Accountants
Firm's Registration No.: 002398S

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

Vaidyananthan N.A
Partner
Membership No.: 209256
UDIN: 22209256AMUNWT7948

Place: Chennai
Date: Jun 30, 2022

V. NARAYANAN & CO
Chartered accountants

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

Annexure B of the Independent Auditor's Report of even date to the members of Svasti Microfinance Private Limited on the financial statements for the year ended 31 March 2022.

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the internal financial controls over financial reporting of Svasti Microfinance Private Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management 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.

V. NARAYANAN & CO. Old No.45, New No.58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

45/58, Vallalar st., Periyakuppam,
Thiruvallur, Tamilnadu – 602 001
Email: vnctvl@vncindia.com

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **V Narayanan & Co**
Chartered Accountants
Firm's Registration No.: 002398S

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

Vaidyananthan N A
Partner
Membership No.: 209256
UDIN: 22209256AMUNWT7948

Place: Chennai
Date: Jun 30, 2022

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Balance Sheet as at March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

(Rs. in lakhs)

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	455.76	455.76
Reserves and surplus	3	13,273.54	13,089.43
		13,729.30	**13,545.19**
Non-current liabilities			
Long-term borrowings	4	25,256.44	15,779.34
Long-term provisions	5	378.34	257.50
		25,634.78	**16,036.84**
Current Liabilities			
Short-term borrowings	6	24,633.71	17,382.44
Trade payables	7		
• Total outstanding dues for micro and small enterprises		4.91	0.91
• Total outstanding dues for creditors other than micro and small enterprises		123.81	100.61
Other current liabilities	8	1,200.58	732.51
Short term provisions	5	1,497.66	1,479.33
		27,460.67	**19,695.80**
TOTAL LIABILITIES		**66,824.75**	**49,277.84**
ASSETS			
Non-Current Assets			
Property, Plant and Equipment and Intangible assets			
Property, Plant and Equipment	9	236.65	136.25
Intangible assets	10	289.18	356.28
Deferred tax assets (net)		401.38	340.48
Loans and advances	11	400.79	465.84
Receivables under financing activities	12	12,369.92	9,581.44
Other non-current assets	13	1,685.22	1,978.86
		15,383.14	**12,859.15**
Current Assets			
Current investments	14	-	600.00
Receivable under financing activities	12	42,411.89	24,120.41
Cash and bank balances	15	6,807.61	9,241.85
Loans and advances	11	481.57	802.73
Other current assets	13	1,740.55	1,653.70
		51,441.61	**36,418.69**
TOTAL ASSETS		**66,824.75**	**49,277.84**
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

V. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001. CHARTERED ACCOUNTANTS

Place: Chennai
Date : June 30, 2022

For and on behalf of the Board of Directors of Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director
& CEO

DIN: 01890656
Place: Mumbai
Date : June 30, 2022

B Narayanan
Whole-time Director
& CFO

DIN: 01216715
Place: Chennai
Date : June 30, 2022

Varsha Waghela
Company Secretary

Membership No: A-48689
Place: Mumbai
Date : June 30, 2022

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Statement of Profit & Loss for the period ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

(Rs. in lakhs)

Particulars	Notes	For the period ended March 31, 2022	For the period ended March 31, 2021
REVENUE			
Revenue from operations	16	8,875.99	8,054.67
Other income	17	554.48	298.82
Total Income (I)		**9,430.47**	**8,353.49**
EXPENSES			
Employee benefits expenses	18	3,319.28	2,439.97
Depreciation/ Amortization	9 & 10	126.66	130.79
Finance cost	19	4,621.82	3,787.29
Other expenses	20	856.47	811.36
Provision on receivables under financing activities and managed portfolio exposures	21	207.37	955.05
Total Expenses (II)		**9,131.60**	**8,124.46**
Profit/(loss) before tax (I-II)		**298.87**	**229.03**
Tax expense:			
Current tax		129.58	301.92
Adjustment of tax relating to earlier year		(8.70)	(28.29)
Deferred tax	30	(60.90)	(248.00)
Total tax expense		**59.97**	**25.63**
Profit after tax		**238.89**	**203.40**
Earnings per equity share (Face value Rs.10)			
Basic	29	(4.23)	2.85
Diluted	29	(4.23)	2.85
Summary of significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No. 209256

V. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

Place: Chennai
Date : June 30, 2022

For and on behalf of the Board of Directors of Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director
& CEO

DIN: 01890656
Place: Mumbai
Date : June 30, 2022

B Narayanan
Whole-time Director
& CFO

DIN: 01216715
Place: Chennai
Date : June 30, 2022

Varsha Waghela
Company Secretary

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Membership No: A-48689
Place: Mumbai
Date : June 30, 2022

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Cash Flow statement for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
A Cash flow from operating activities		
Net Profit before Tax	298.87	229.03
Adjustments for:		
Depreciation and amortisation	126.66	130.79
Interest income on term deposits with Banks and others	(289.64)	(167.97)
Interest expenses on loan taken from banks and financial institutions	4,224.87	3,559.75
Profit on sale of mutual funds	(93.43)	(73.01)
Amortisation of processing fee on borrowings	209.83	142.52
Provision towards gratuity and leave encashment	97.00	49.94
Provision towards other loans and advances	-	26.36
Provision on receivables under financing activities and managed portfolio exposures	207.37	955.05
Operating profit before working capital changes	**4,781.53**	**4,852.45**
Movements in working capital		
Decrease / (increase) Receivables under financing activities	(25,757.65)	(4,799.92)
Decrease / (increase) Loans and advances	413.93	(439.79)
Decrease / (increase) Other assets	37.08	(258.08)
Increase / (decrease) Current liabilities	288.47	(431.60)
Cash generated/(used in) in operations	**(20,236.64)**	**(1,076.94)**
Direct taxes paid (net of refunds)	(274.69)	(158.45)
Net cash flow from / (used in) operating activities (A)	**(20,511.33)**	**(1,235.39)**
B Cash Flows from Investing Activities		
Purchase of property, plant and equipment, including CWIP and capital advances	(159.97)	(55.88)
Purchase of investments	(6,900.00)	(11,300.00)
Proceeds from sale / maturity of Investment	7,593.43	10,788.01
Investments in bank deposits (having original maturity of more than three months)	(588.67)	(1,653.12)
Interest Received on term deposits with banks	248.10	206.56
Net cash (used)/generated from in Investing activities (B)	**192.89**	**(2,014.42)**
C Cash Flow from Financing Activities		
Proceeds from issuance of preference share capital including securities premium and net of share issue expenses	-	3,097.47
Share Issue Expenses	-	(39.15)
Proceeds from long-term borrowings	14,719.31	19,050.00
Repayment of long-term borrowings	(22,323.49)	(12,248.08)
Proceeds from short-term borrowings	24,633.71	2,000.00
Repayment of short-term borrowings	(250.00)	(1,750.00)
Securitisation proceeds	4,677.69	1,309.62
Loan processing fees	(293.91)	(233.63)
Dividend Paid	(114.07)	-
Interest paid on borrowings	(4,057.14)	(3,617.82)
Net cash flow from/ (used in) in financing activities (C)	**16,992.09**	**7,568.42**
D Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(3,326.35)**	**4,318.60**

NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Cash Flow statement for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

(Rs. in lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash & Cash Equivalents at the beginning of the year	7,859.27	3,540.67
Cash & Cash Equivalents at the end of the year	4,532.92	7,859.27
Breakup of Cash and Cash Equivalents:		
Cash in hand	59.34	32.13
Bank Balances - In Current Accounts	4,473.58	7,827.14
	4,532.92	**7,859.27**

Summary of significant accounting policies 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : June 30, 2022

V. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director & CEO
DIN: 01890656
Place: Mumbai
Date : June 30, 2022

B Narayanan
Whole-time Director & CFO
DIN: 01216715
Place: Chennai
Date : June 30, 2022

Varsha Waghela
Company Secretary
Membership No: A-48689
Place: Mumbai
Date : June 30, 2022

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1: Summary of Significant Accounting Policies

A. Background

Svasti Microfinance Private Limited ("the Company") (CIN U65922TN1995PTC030293) is a non-deposit taking Non-Banking finance company having Certificate of Registration number B-07-00625 issued on 18-Aug-2010 by Reserve Bank of India (RBI). The company has been reclassified from NBFC to NBFC-MFI effective 19-Apr-2017 pursuant to the application made for the same with RBI. The Company is having its registered office at 6, First Floor, First Street,Tiger Varadachari Road, Kalakshetra Colony,Besant Nagar,Chennai – 600 090,

The Company's main object is to carry on the business of microfinance, provide finance to the weaker section of society, promote and facilitate financial inclusion in the society by making credit/other financial services easily accessible to people or entities in low-income sections of society.

B. Summary of Significant Accounting Policies

i. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India. The Company has prepared these financial statements to comply in material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with the Companies (Accounting Standard) Amendment Rules, 2006 (as amended from time to time) to the extent applicable to non-banking finance companies read with circulars and guidelines issued by the Reserve Bank of India (RBI) (collectively referred to as Indian GAAP). The financial statements are prepared on accrual basis under the historical cost convention except for derivative financial instruments which have bene measured at fair value.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India vide Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

ii. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

iii. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/ liabilities expected to be realised/ settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

iv. Property, Plant and Equipment ("PPE")

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

V NARAYANAN & CO CHARTERED ACCOUNTANTS Old No 45 New No 56 Vallalar Street Periyapappam Tiruvallur 602 001

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost includes professional fees related to the acquisition of PPE.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

v. **Depreciation on property, plant and equipment**

Depreciation on property, plant and equipment is calculated on straight-line basis using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the following rates to provide depreciation on its property, plant and equipment.

Asset Head	Useful Life
Leasehold Improvement	Over the initial period of the lease or 5 years whichever is appropriate
Computers	5
Furniture and fixtures	10
Office Equipment	5

All fixed assets costing individually upto Rs. 5,000/- is fully depreciated by the Company in the year of its capitalisation. Depreciation on additions is charged proportionately from the date of acquisition / installation.

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.

vi **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost Following initial recognition, Intangible assets are carried at cost less accumulated amortization and accumulated impairment loss, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

V. NARAYANAN & CO. Old No 45, New No 66, Vallalar Street, Periyakoppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Amortisation of the intangible assets (comprising of computer software) carried out based on the estimation of useful life of the asset as follows:

a) Software purchased from outside – Over 3 years
b) In-house developed software – Over 8 years

vii. **Impairment**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life

viii. **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on individual investment basis. Long-term investments are carried at cost however for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

ix. **Loans and provision for Standard Assets and non-performing Assets**

Loans compr are classified into 'Performing and Non Performing' assets in terms of the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued by the Reserve Bank of India as amended from time to time.

The Company makes provision for standard assets and non-performing assets as per Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank)

V. NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MADRAS

Note 1 Significant Accounting Policies (Contn.)

Directions, 2016. Provision for standard assets in excess of the prudential norms, as estimated by the management, is categorised under Contingency provision on loan receivables and managed portfolio exposure. Provisions are recorded on restructured portfolio and other stressed portfolios based on relevant RBI guidelines.

x. **Classification of Loan Portfolio and provisioning norms**

All Loans and Advances are classified as standard, sub-standard, doubtful and loss assets in accordance with the existent Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

A) Joint liability Group ('JLG') loans

Asset Classification	Arrear Period
Standard Assets	Overdue for less than 90 days
Non-Performing Assets	Overdue for 90 days are more

B) Individual Loans

Asset Classification	Arrear Period
Standard Assets	Overdue for less than 90 days
Non-Performing Assets	Overdue for 90 days are more
Substandard Assets	Asset which has been classified as non-performing asset for a period not exceeding 18 months
Doubtful Assets	Asset which has been classified as non-performing asset for a period exceeding 18 months

Loss Assets are
Asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

Loans are provided for as per the management estimates, subject to the minimum provision required as per the Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 .

In case of JLG Loan portfolio, as per the current RBI provisioning norms, the aggregate loan provision is maintained higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Asset Classification		Provisioning
Standard Assets	Overdue for less than 90 days	0.40%
Non-Performing Assets	Overdue for 90 days are more	
Substandard Assets	Asset which has been classified as non-performing asset for a period not exceeding 18 months	10%
Doubtful Assets	Asset which has been classified as non-performing asset for a period exceeding 18 months	100%

V. NARAYANAN & CO. Old No 46, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

xi. **Revenue Recognition**

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

Interest income on loans given are recognized under internal rate of return method with reference to the contractual rate of interest and outstanding principal. Income or any other charges on Non performing assets is recognized only when realized. Any such income recognized before the asset became non-performing and remaining unrealized is reversed.

Revenues from loan documentation received in the nature of processing fees are recognized as income at the time of receipt.

Gains from securitization of portfolio under premium structure are accrued higher of the amortization of the principal value of the portfolio securitized during the year after provision of processing fees and servicing cost and on time proportion basis as per RBI directions.

Income from securitization of portfolio under PAR structure is the excess interest spread, computed as the difference between the interest portion of the cash flows from the underlying pool and the interest on the payout and recognized at the time of receipt.

Income from the commission from managed portfolio, facilitation fee and non-lending business fee is accounted on accrual basis, considering terms of the respective contract.

Interest income on Fixed Deposits with Banks and financial institutions ("FI") is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Profit/loss on sale of investments is recognised at the time of actual sale / redemption.

xii. **Employee benefits**

a) Short-term Employee Benefits:

Short term employee benefits including salaries, social security contributions, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits (such as medical care) for current employees are estimated and measured on an un-discounted basis. The Policy of the Company does not allow the employees to and carry forward the leave for a period more than one year from the end of the financial year in which credited.

b) Long-term employee benefits

Defined Contribution Plan:

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated percentage of the covered employees salary. Contributions are made to Employees Provident Fund Organisation in respect of Provident Fund, Pension Fund and Employees Deposit Linked Insurance Scheme at the prescribed rates and are charged to Statement of Profit & Loss at actuals. The Company has no liability for future provident fund benefits other than its annual contribution

Defined Benefit Plan:

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

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 Company makes annual contribution to separate schemes managed by Life Insurance Corporation of India. The Company recognises the net obligation of the gratuity plan in the Balance Sheet as an asset or liability, respectively in accordance with Accounting Standard 15, "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss in the period in which they arise.

xiii. **Lease (where Company is the lessee)**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as expense in the statement of profit and loss on a straight-line basis over the lease term.

xiv. **Finance Costs**

The Company borrows from Banks and Financial Institutions for the purpose of on-lending to its microfinance clients. The costs associated with these borrowings are classified as Finance Costs. Finance Costs comprise Interest, Processing Fees, stamp duty and other charges directly related to borrowings. Interest is provided on the loan balance as per the terms and conditions of the loan transaction. Processing Fees, stamp duty and other charges are amortized on straight-line basis over the tenure of the loan.

xv. **Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

xvi. **Income Taxes & Deferred Taxes**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflects the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences of earlier years. Deferred tax is measured based using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Old No 45
New No 58
Vallalar Street
Periyakuppam
Tiruvallur
602 001
CHARTERED ACCOUNTANTS
SVASTI MICROFINANCE PRIVATE LIMITED
MUMBAI

Note 1 Significant Accounting Policies (Contn.)

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.
At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

xvii. **Goods and Services Input Tax Credit**

Goods and Services tax input credit is recognised for in the books in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

xviii. **Foreign Currency transactions**

a) All foreign currency transactions are recorded at the exchange rate prevailing at the date of transaction.
b) Foreign currency monetary items are reported using the exchange rate prevailing at the close of financial year.
c) change differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expenses in the year in which they arise

xix. **Provisions and Contingent Liabilities**

A provision is recognized when an enterprise has a present obligation 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, a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. The estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot

NARAYANAN & CO. Old No 45 New No 58 Vallalar Street Perambur Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Note 1 Significant Accounting Policies (Contn.)

be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements.

xx. **Cash and Cash Equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

xxi. **Share issue Expense**

Expense incurred in relation to issue of shares are being adjusted against securities premium.

xxii. **Derivative Instructions and Hedge Accounting - Cash Flow Hedges**

The Company uses derivative financial instruments, such as, Cross currency interest rate swaps (CCRIS) to hedge foreign currency risk and interest rate risk arising from variable foreign currency loans. The Company designates these CCIRS in hedge relationship by applying the hedge accounting principles as set out in *Guidance note on Accounting for Derivative Contracts* issued by ICAI.

These swaps are stated at fair value at each reporting date. Changes in the fair value of these CCIRS that are designated and effective as hedges of future cash flows are recognised directly in "Hedging reserve account" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve account" are reclassified to the Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in "Hedging reserve account" is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in "Hedging reserve account" is immediately transferred to the Statement of Profit and Loss.

V. NARAYANAN & CO. Old No 4 New No 58 Vallalar Street Periyakuppam Tiruvallur 602001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

2 **Share Capital** (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Authorized Share Capital		
48,10,934 (Previous year: 48,10,934) Equity Shares of Rs.10/- each	481.09	481.09
732,263 (Previous year: 732,263) 0.01% Preference Shares of Rs.10/- each	73.23	73.23
686,803 (Previous year: 686,803) 12% Preference Shares of Rs.10/- each	68.68	68.68
Total	**623.00**	**623.00**

On 18th October, 2020, the Company has increased its Authorised Share Capital of Rs.523.00 Lakhs (Rupees Five Hundred & Twenty Three Lakhs Only) divided into 44,89,585 (Forty Four Lakhs Eighty Nine Thousand Five Hundred and Eighty Five Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 7,40,415 (Seven Lakhs Forty Thousand Four Hundred and Fifteen Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each to Authorised Share Capital of Rs.623.00 Lakhs (Rupees Six Hundred & Twenty Three Lakhs Only) divided into 48,10,934 (Forty Eight Lakhs Ten Thousand Nine Hundred and Thirty Four Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 14,19,066 (Fourteen Lakhs Nineteen Thousand and Sixty Six Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each pursuant to a resolution passed by members.

Issued, Subscribed and Fully Paid up Shares		
Equity Shares	313.85	313.85
31,38,542 (Previous year: 31,38,542) Equity Shares of Rs.10/- each with voting rights	-	-
Preference Shares	-	-
732,263 (Previous year: 732,263) 0.01% Compulsorily Convertible Preference Shares of Rs.10/- each.	73.23	73.23
686,803 (Previous year: 686,803) 12% Compulsorily Convertible Preference Shares of Rs.10/- each.	68.68	68.68
Share Application money pending allotment	-	-
	455.76	**455.76**

2.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2022		As at March 31, 2021	
	No of shares	Amount	No of shares	Amount
Equity Shares				
No. of shares at the beginning of the year	31,38,542	313.85	31,38,542	313.85
Shares allotted during the year	-	-	-	-
No. of shares at the end of the year	**31,38,542**	**313.85**	**31,38,542**	**313.85**
0.01% Compulsory Convertible Cumulative preference shares				
No. of shares at the beginning of the year	7,32,263	73.23	7,32,263.00	73.23
Shares allotted during the year	-	-	-	-
No. of shares at the end of the year	**7,32,263**	**73.23**	**7,32,263.00**	**73.23**
12% Compulsory Convertible Cumulative preference shares				
No. of shares at the beginning of the year	6,86,803	68.68	-	-
Shares allotted during the year	-	-	6,86,803	68.68
No. of shares at the end of the year	**6,86,803**	**68.68**	**6,86,803**	**68.68**

2.2 Terms / rights attached to equity shares

Equity shares have a face value of Rs. 10 per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2.3 Terms / rights attached to compulsorily convertible preference shares

0.01% Compulsorily Convertible Preference Shares

The Company had in the earlier years issued 7,32,263 compulsorily convertible cumulative preference shares of face value Rs.10/- each allotted on a private placement basis. Key terms/rights of the instrument. (a) Prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year (b) the payment of dividend on cumulative basis (c)Voting rights as are exercisable by persons holding Equity Shares in the Company and shall be treated pari passu with the Equity Shares on all voting matters (d) Preference Shares are Compulsorily Convertible Shares in the ratio of 1:1 (e) Shareholders have right to convert the Preference Shares in to equity shares either (i) prior to listing of the Equity Shares of the Company at the option of Shareholder; or (ii) upon expiry of 19 years and 11 months from the date of issuance of the CCPS or at any time as mandated by applicable law; or (iii) at the option of Shareholder at any time prior to the expiry of the aforesaid period of 19 years and 11 months

12% Compulsorily Convertible Preference Shares

The Company had in the year ended March 31, 2021 issued 6,86,803 12% compulsorily convertible cumulative preference shares of face value Rs. 10/- each allotted on a private placement basis. Key terms/rights of the instrument: (a) Prior and in preference to any dividend or distribution payable upon shares of any other class or series in the same fiscal year (b) the payment of dividend on cumulative basis (c)Preference Shares are Compulsorily Convertible Shares in the ratio of 1:1 (d)Voting rights as are exercisable by persons holding Equity Shares in the Company and shall be treated pari passu with the Equity Shares on all voting matters (e) Shareholders have right to convert the Preference Shares in to equity shares either (i) prior to listing of the Equity Shares of the Company at the option of Shareholder; or (ii) upon expiry of 19 years and 11 months from the date of issuance of the CCPS or at any time as mandated by applicable law; or (iii) at the option of Shareholder at any time prior to the expiry of the aforesaid period of 19 years and 11 months.

V. NARAYANAN & CO. Old No. 45, New No. 59, Vallalar Street, Periyakuppam, Tiruvallur 602 001. CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

2.4 Details of equity shares held by each shareholder holding more than 5% shares

Equity Shares of face value Rs. 10/- each

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Rising Sun Holdings Private Limited	5,94,005	18.93%	5,94,005	18.93%
Ahmedali Husain Nalwala	3,90,425	12.44%	3,90,425	12.44%
Andaman Finance and Investment Private Limited	3,72,143	11.86%	3,72,143	11.86%
Nordic Microfinance Initiative Fund III KS	3,61,083	11.50%	3,61,083	11.50%
Svasti MSOP Trust	2,00,000	6.37%	2,00,000	6.37%
P Arunkumar	1,69,040	5.39%	1,69,040	5.39%
B Narayanan	1,69,040	5.39%	1,69,040	5.39%

P Arunkumar and B Narayanan are promoters of the Company. There is no change in the promoters shareholding during the year ended March 31, 2022

Preference Shares

0.01% Compulsory Convertible Cumulative preference shares

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Nordic Microfinance Initiative Fund III KS	7,32,263	100.00%	7,32,263	100.00%

12% Compulsory Convertible Cumulative preference shares

Name of the shareholders	As at March 31, 2022		As at March 31, 2021	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Nordic Microfinance Initiative Fund III KS	3,32,594	48.43%	3,32,594	48.43%
Rising Sun Holdings Private Limited	1,66,991	24.31%	1,66,991	24.31%
Ahmedali Husain Nalwala	69,298	10.09%	69,298	10.09%

2.5 The Company in preceeding 5 years has not bought back its shares or issued bonus shares or alloted any Equity shares as fully paid-up pursuant to contract without payment being received in cash.

3 Reserves and Surplus

(Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Securities Premium		
Balance as per the last financial statements	11,643.71	8,654.06
Add: Premium on issue of shares	-	3,028.80
Less: Utilized for allotment of Bonus Shares	-	-
Less: Preference share issue expenses	-	39.15
Closing Balance (A)	**11,643.71**	**11,643.71**
Statutory Reserve*		
Balance as per the last financial statements	327.12	286.44
Add: amount transferred from surplus balance in the statement of profit and loss	47.78	40.68
Closing Balance (B)	**374.90**	**327.12**
Cash Flow Hedge Reserve		
Opening Balance	(145.47)	0.64
Changes during the year	59.28	(146.11)
Closing Balance (C)	**(86.19)**	**(145.47)**
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	1,264.07	1,101.35
Profit for the year	238.89	203.40
Less : Transferred to Statutory Reserve	(47.78)	(40.68)
Less: 0.01% CCPS dividend	(0.01)	(0.01)
Less: 12% CCPS dividend	(114.07)	-
Closing Balance (D)	**1,341.10**	**1,264.07**
Total	**13,273.54**	**13,089.43**

(*Statutory Reserve represents the Reserve Fund created under Section 45IC of the Reserve Bank of India Act, 1934)

N. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

4 Long Term Borrowings

(Rs. in lakhs)

		Long-Term		Short-Term	
		As at March 31, 2022	March 31, 2021	As at March 31, 2022	March 31, 2021
A	**Redeemable Non-Convertible Debentures**	-	-	-	-
	Rated, Taxable, Senior, Secured, Non-Convertible Debentures of Rs.10.00 Lakhs each repayable in monthly instalments (Refer Note A1)	7,490.85	4,100.00	1,850.00	2,100.00
	Subordinated debt - Unsecured (Refer Note A2)	1,500.00	-	-	-
		8,990.85	**4,100.00**	**1,850.00**	**2,100.00**
B	**Term Loans**				
	Indian rupee loan from Financial Institutions (Refer Note B1)	9,475.02	5,329.19	12,216.06	11,148.58
	Indian rupee loan from Banks (Refer Note B2)	5,790.57	2,779.13	6,047.80	3,883.86
	External Commercial Borrowings from Financial Institutions (Refer Note B3)	-	2,571.03	2,519.85	-
	Subordinated debt - Unsecured (Refer Note A2)	1,000.00	1,000.00		
		16,265.59	**11,679.35**	**20,783.71**	**15,032.44**
	Total	**25,256.44**	**15,779.35**	**22,633.71**	**17,132.44**
	The above amount includes:				
	Secured borrowings	23,756.44	15,779.35		
	Unsecured borrowings	1,500.00	-		
	Amount disclosed under the head "other current liabilities"	-	-		
	Net Amount	**25,256.44**	**15,779.35**		

Note A1: Terms of Secured Debentures

Interest Rate / Repayment date	No. of Debentures	As at 31 March 2022	
		Face Value	Outstanding
14.60% / 30-Jun-22	120	10.00	1,200.00
12.50% / 15-Sept-22	65	10.00	650.00
12.29% / 17-Dec-23	225	10.00	2,250.00
13.62% / 31-Oct-24	150	10.00	1,500.00
11.75% / 25-Mar-25	4,48,170	0.01	2,240.85
13.60% / 28-Sep-26	150	10.00	1,500.00
Total			**9,340.85**

Repayment terms: Bullet repayment on maturity

Interest Rate / Repayment date	No. of Debentures	As at 31 March 2021	
		Face Value	Outstanding
12.29% / 17-Dec-23	225	10.00	2,250.00
12.50% / 15-Sept-22	65	10.00	650.00
14.60% / 30-Jun-22	120	10.00	1,200.00
12.92% / 20-Mar-22	210	10.00	2,100.00
Total			**6,200.00**

Repayment terms: Bullet repayment on maturity

Note: During the year company has issued 300 debentures (Previous Year: 325 debentures) of Rs. 10.00 Lakhs each and 4,48,170 debentures (Previous Year: Nil debentures) of Rs.500 each at par under private placement. All the debentures are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, promoters directors have provided personal guarantees for borrowings having outstanding amount of Rs. 1,200.00 Lakhs as on March 31, 2022.

Note A2: Terms of Subordinated debt (unsecured)

Rate of Interest	Repayment Term	Balance Outstanding as at 31st March 2022	Date of Repayment
14% - 15%	Bullet	500.00	01-Sep-25
14% - 15%	Bullet	500.00	30-Mar-24
16% - 17%	Bullet	1,500.00	15-Mar-27
Total		**2,500.00**	

Rate of Interest	Repayment Term	Balance Outstanding as at 31st March 2021	Date of Repayment
14% - 15%	Bullet	500.00	01-Sep-25
14% - 15%	Bullet	500.00	30-Mar-24
Total		**1,000.00**	

The Company has issued one new unsecured Debentures in FY 2021-22 and nil in FY 2020-21.

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

Note B1: Terms of Secured Loans from Financial Institutions

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2022
4% to 6%	17	181.82	75.76	-	257.57
8% to 10%	12 to 75	600.00	2,450.00	1,200.00	4,250.00
10% to 12%	4	1,200.00	-	-	1,200.00
12% to 14%	6 to 24	7,904.89	5,749.27	-	13,654.15
14% to 16%	2 to 12	2,329.35	-	-	2,329.35
Total		**12,216.06**	**8,275.02**	**1,200.00**	**21,691.08**

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2021
4% to 6%	29	181.82	257.57	-	439.39
6% to 8%	1	3,050.00	-	-	3,050.00
10% to 12%	2 to 11	774.41	1,200.00	-	1,974.41
12% to 14%	1 to 35	2,479.04	1,464.85	-	3,943.89
14% to 16%	7 to 25	4,913.31	2,406.77	-	7,320.08
Total		**11,398.58**	**5,329.19**	**-**	**16,727.77**

All the loans are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, Personal Guarantee of promoter directors has been provided on borrowings with outstanding of Rs. 7,520.07 Lakhs as at March 31, 2022 respectively

Note B2: Terms of Secured Loans from Banks

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31 March 2022
8% to 10%	3 to 30	3,444.47	4,227.91	-	7,672.39
10% to 12%	14 to 26	1,615.08	1,562.65	-	3,177.73
12% to 14%	12	988.25	-	-	988.25
Total		**6,047.80**	**5,790.56**	**-**	**11,838.36**

Rate of Interest	Instalments Range	Amount Due within 1 year	Amount due within 1 to 3 years	Amount due beyond 3 years	Balance Outstanding as at 31st March 2021
8% to 10%	36	500.00	1,000.00	-	1,500.00
10% to 12%	26 to 30	491.30	748.99	-	1,240.29
12% to 14%	4 to 24	2,725.01	988.25	-	3,713.26
14% to 16%	1 to 15	167.56	41.89	-	209.44
Total		**3,883.87**	**2,779.13**	**-**	**6,662.99**

Note: All the loans are secured by way of hypothecation of the identified receivables originated out of the borrowed funds on a first & exclusive charge basis. In addition, Personal Guarantee of promoters directors has been provided on borrowings with outstanding of Rs. 5,856.41 Lakhs as at March 31, 2022 respectively.

Note B3: External Commercial Borrowings from Financial Institutions

Rate of Finance Cost	Date of Repayment	As at 31st March 2022	As at 31st March 2021
12% -13% (Original contracted rate: 6 months EURIBOR + 4.2% spread)	30-Dec-22	2,571.03	2,519.85
Total		**2,571.03**	**2,519.85**

The outstanding amount of ECB is 30,00,000 EURO. The liability is fully hedged by cross currency swap and is marked to market as at the balance sheet date. The closing balance of derivative asset as at 31st March 2022 is Rs. 36,66,470 (Previous Year:Rs.28,56,046).

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. Such gains or losses will be reclassified to statement of profit and loss in the period in which the underlying hedged

The company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date. The Company has not delayed the repayment of principal and interest. The Company is not declared as willful defaulter by any bank or financial Institution or other lender

V. NARAYANAN & Co. Old No. 45, New No. 55, Valalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

5 **Long Term Provisions** (Rs. in lakhs)

	Long-Term		Short-Term	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Provision for Income Tax (Net of income tax paid Rs 156.26/- (Rs. in Lacs), PY 202.53/- (Rs in Lacs))	-	-	31.58	157.66
Provision for Gratuity	250.47	156.11	-	-
Provision for loan receivables	-	-	-	-
Contingent Provision Against Standard Assets	-	-	-	-
(i) Contingency provision on loan receivables and managed portfolio exposures	-	-	443.02	409.77
(ii) Provision on standard asset - other than JLG	1.46	1.99	4.99	5.00
(ii) Provision for restructured assets	-	-	584.64	620.20
Provision for Non-Performing Assets	126.41	99.40	433.44	250.24
Provision for compensated absences	-	-	-	36.46
Total	**378.34**	**257.50**	**1,497.66**	**1,479.33**

6 **Short Term Borrowings** (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Term Loan From Financial Institutions	-	250.00
Commercial Papers	2,000.00	-
Current maturities of long-term borrowings	22,633.71	17,132.44
Bank cash credit /overdraft*	-	-
Total	**24,633.71**	**17,382.44**
The above amount includes:		
Secured borrowings	22,633.71	17,382.44
Unsecured borrowings	2,000.00	-

*The facility is secured by hypothecation of book debts of the company and rate of interest applicable is 13.25% (PY 13.25%) per annum

7 **Trade Payables** (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
- Micro and Small Enterprises (refer note 48)	4.91	0.91
- Other than Micro Enterprises and Small Enterprises	123.81	100.61
Total	**128.72**	**101.52**

8 **Other Current Liabilities** (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	104.97	110.21
Employee benefit payable	54.37	57.05
Securitisation payable	471.53	183.26
Interest accrued but not due on borrowings	431.65	263.93
Interest Accrued on Loans & Debentures Due	-	-
Others	138.06	118.06
Total	**1,200.58**	**732.51**

11 **Loans and Advances** (Rs. in lakhs)

	Long-Term		Short-Term	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Loans & Advances to Related Parties (Unsecured) (Refer Note 25)				
Considered Good	200.00	200.00	-	-
Considered Doubtful	32.82	32.82	-	-
Less: Provision for Doubtful Advance	(32.82)	(32.82)	-	-
	200.00	**200.00**	-	-
Other loans and advances				
Advance to Employees				
Considered Good	-	-	30.77	31.79
Considered Doubtful	-	-	-	-
Less: Provision for Doubtful Advance	-	-	-	-
	-	-	**30.77**	**31.79**
Others				
Considered Good	-	-	253.40	28.11
Considered Doubtful	-	-	21.63	23.60
Less: Provision for Doubtful Advance	-	-	(21.63)	(23.60)
	-	-	**253.40**	**28.11**
Income Tax paid and TDS (Net of Provision of Rs 985.91 Lakh, PY 628.69 Lakh)	121.92	94.19	-	-
Cash Collateral on Borrowings with Financial Institutions	-	81.55	-	177.32
Advances towards Managed Portfolio collections	-	-	-	473.53
Capital advances	-	-	-	-
Advance to Svasti MSOP Trust	0.60	0.60	-	-
Prepaid Expenses	78.27	89.50	197.40	91.98
Total	**400.79**	**465.84**	**481.57**	**802.73**

V. NARAYANAN & CO. Old No 45, New No 98, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

12 Receivables Under Financing Activities (Rs. in lakhs)

	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Unsecured and Considered Good	12,369.92	9,408.91	42,373.99	23,686.09
Unsecured and Considered Doubtful	-	172.53	37.90	434.32
Total	**12,369.92**	**9,581.44**	**42,411.89**	**24,120.41**

13 Other Assets (Rs. in lakhs)

	Non-Current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Non current portion of term deposits with banks (lien marked Rs 1,408.58 lakhs (Previous year Rs. 1,801.26 lakhs)	1,497.82	1,801.26	-	-
Security Deposits (Unsecured, considered good)	37.66	35.29	66.33	37.53
Unamortized processing fee on borrowings	149.74	125.40	222.03	162.29
Interest accrued on term deposits	-	16.91	118.88	60.43
Securitised Receivables - Collateral	-	-	490.01	393.37
Insurance Claim receivable				
Considered Good	-	-	319.91	368.04
Considered Doubtful	-	-	61.72	61.72
Less: Provision for claim receivable	-	-	(61.72)	(61.72)
	-	-	**319.91**	**368.04**
Commission on Managed Portfolio receivable				
Considered Good	-	-	274.23	421.08
Considered Doubtful	-	-	-	16.87
Less: Provision for doubtful receivable	-	-	-	(16.87)
	-	-	**274.23**	**421.08**
GST Input Tax Credit	-	-	33.01	21.07
Derivative Asset	-	-	36.66	28.56
Others	-	-	179.49	161.33
Total	**1,685.22**	**1,978.86**	**1,740.55**	**1,653.70**

14 Current Investment (Non-Trade, Unquoted)
- valued at cost (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Investment in mutual fund units (MF)	-	-
Investment in alternative investment fund (AIF)	-	600.00
Total	**-**	**600.00**

15 Cash and Bank Balances (Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
Cash and Cash Equivalents		
Cash in Hand	59.34	32.13
Balances with Banks	-	-
- in Current Accounts	3,074.17	3,149.79
- in Short Term Deposit Accounts	1,399.41	4,677.35
	4,532.92	**7,859.27**
Other Balances with Banks		
Deposit Accounts (lien marked Rs 2,828.85 Lakhs) (Previous year Rs. 1,801.26 Lakhs)	3,772.51	3,183.84
Less: Term Deposit maturing after one year	(1,497.82)	(1,801.26)
	2,274.69	**1,382.58**
Total	**6,807.61**	**9,241.85**

V. NARAYANAN & Co. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the period ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

16 Revenue from Operations (Rs. in lakhs)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Interest on receivables under financing activities	8,034.01	7,125.71
Commission From Managed Portfolio	255.99	756.14
Processing Fees on receivables under financing activities	478.96	166.12
Facilitation Fees	0.56	3.70
Income from securitisation and asset assignment	106.47	3.00
Total	**8,875.99**	**8,054.67**

17 Other Income (Rs. in lakhs)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Profit on sale of Mutual Funds	93.43	73.01
Interest on Cash Collateral Deposits for borrowings from FIs and Banks	289.64	167.97
Income from Non Lending Services	118.92	52.77
Others	52.49	5.07
Total	**554.48**	**298.82**

18 Employee Benefits Expenses (Rs. in lakhs)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Salaries, wages and bonus	2,912.68	2,167.21
Employer's Contribution to Provident & Other Funds	186.16	121.90
Gratuity (Refer Note 26)	97.00	39.57
Staff Welfare Expenses	123.44	111.29
Total	**3,319.28**	**2,439.97**

19 Finance Cost (Rs. in lakhs)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Interest Paid on loan taken from Banks & Financial Institutions	4,224.87	3,559.75
Amortisation of processing fee on borrowings	393.37	135.46
Finance cost on securitisation	-	74.62
Guarantee Fee	3.58	17.46
Total	**4,621.82**	**3,787.29**

20 Other Expenses (Rs. in lakhs)

	For the period ended March 31, 2022	For the period ended March 31, 2021
Rent	245.13	177.54
Rates and taxes	48.99	91.26
Repairs and Maintenance	-	-
Building	-	-
Others	13.97	43.60
Electricity Charges	22.42	16.49
Travel and Conveyance	62.53	30.68
Printing & Stationery	50.66	19.92
Professional and consultancy charges	183.53	180.47
Director Sitting Fees	2.00	2.18
Audit Remuneration	-	-
Audit fees	13.00	16.50
Corporate Social Responsibility Expenses	13.11	16.42
Information technology expenses	90.96	73.87
Other administrative expenses	48.11	63.39
Provision for other assets	-	26.36
Write off of other assets	25.57	25.80
Communication expenses	36.51	26.88
Total	**856.47**	**811.36**
Audit fees		
Statutory audit	10.50	13.00
Tax audit	1.00	0.75
Certification services	1.50	2.75
Total	**13.00**	**16.50**

21 Provision and write offs on receivables under financing activities (Rs. in lakhs)

	For the period ended Mar 31, 2022	For the period ended March 31, 2021
Provision on standard asset for receivable under financing activity	32.71	104.79
Provision for non-performing assets	210.22	230.06
Provision for restructuring assets	(35.56)	620.20
	207.37	**955.05**

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS Old No.45, New No.58, Vallalar Street, Periyaseppalam, Tiruvallur 602 001

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Fixed Assets Schedule for the March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

Note 9 and Note 10 : Property, Plant & Equipment and Intangible Assets (Rs. in lakhs)

	Gross Block				Depreciation				Net Block	
Asset	**As on 31-03-2021**	**Additions**	**Deletions**	**As on 31-03-2022**	**As on 31-03-2021**	**For the period**	**Deletions**	**As on 31-03-2022**	**As on 31-03-2022**	**As on 31-03-2021**
Tangible Assets (A)										
Leasehold Improvement	66.35	12.63	-	78.98	56.61	3.66		60.27	18.71	9.74
Furniture & Fixtures	80.11	25.10	-	105.21	33.65	6.69		40.34	64.87	46.46
Office Equipment	81.59	29.16	-	110.75	61.90	17.10		79.00	31.75	19.69
Computer	124.92	78.81	-	203.73	64.57	17.84		82.41	121.32	60.35
Vehicles	0.08	-	-	0.08	0.08	-	-	0.08	-	-
Tangible assets (A)	353.06	145.70	-	498.76	216.81	45.29	-	262.11	236.65	136.25
Intangible Assets (B)										
MERP	654.27	76.02	-	730.29	385.40	66.61	-	452.01	278.29	268.87
Office std 2019	34.23	-		34.23	13.85	14.76	-	28.61	5.62	20.39
	-	-			-	-				
Intangible assets under Development (C)#	-	-			-	-				
MERP	67.02	5.27	67.02	5.27	-	-	-	-	5.27	67.02
Advance for Software development	-	-			-	-				
	-	-			-	-				
Total (A+B + C) as on 31st March 2022	**1,108.59**	**226.99**	**67.02**	**1,268.55**	**616.06**	**126.66**	**-**	**742.73**	**525.84**	**492.53**
Total (A+B + C) as on 31st March 2021	963.06	149.46	3.94	1,108.59	487.54	130.79	2.28	616.06	492.53	

There is no change due to revaluation in the net carrying value of each class of Property, Plant and Equipment.
The company doesn't have any immovable property. The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding an Benami property

#The intangible assets under development are under work in progress for a period of less than 1 year.

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

NARAYANAN & CO. Old No 45 New No 59 Valalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

22 Contingent liabilities

(Rs. in lakhs)

Particulars	As on March 31, 2022	As on March 31, 2021
First loss credit enhancement on securitization and direct origination transactions	447.37	1,188.12
First loss guarantee of portfolio originated on behalf of NBFCs / Banks	149.15	892.88
In respect of matters relating to income tax	23.27	22.40
Total	**619.79**	**2,103.40**

Based on the assessment made by the management, no provision is required to be made for the above contingent liabilities.

23 Capital commitment (net of advances)

As at 31st March, 2022 Rs. Nil. (31-Mar-2021: Rs. Nil).

24 Segment Reporting

In the opinion of the management, there is only one reportable segment. i.e. microfinance services. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

25 Related Party Disclosures

A. List of Related Parties

Nature of Relationship	Party
Key Management Personnel	P Arunkumar, Whole-time Director and CEO
Key Management Personnel	B Narayanan, Whole-time Director and CFO & CTO
Entities having Significant Influence	Nordic Microfinance Initiative Fund III KS
Entities in which key management personnel are interested	Svasti Foundation
Entities in which key management personnel are interested	Svasti Financial Services Private Limited

B. Transactions with Related Parties during the year (excluding directors remuneration*)

(Rs. in lakhs)

Transaction	Related Party	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Advance Given	B Narayanan	-	-
Advance Repaid	B Narayanan	-	-
Advance Given	P Arunkumar	-	-
Advance Repaid	P Arunkumar	-	-
Amount received	Svasti Foundation	-	-

**- Refer C for Directors remuneration.*

Note : Above does not include Current account transactions & transactions in the nature of reimbursement of expenses.

C. Directors' Remuneration

(Rs. in lakhs)

Particulars	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Executive Directors		
Arunkumar P	73.83	67.50
B Narayanan	73.83	67.50
Non-Executive Directors	-	-
Sitting Fees	2.00	2.18

Note: The above remuneration is inclusive of provisions of Bonus of Rs. 16.88 Lakhs (PY:- Rs.16.88 Lakhs). However, the above does not include the accrued Gratuity.

D. Transactions

(Rs. in lakhs)

Nature of Transaction	Related Party	As At 31-Mar-22	As At 31-Mar-21
Subscription of 12% Compulsory Convertible Cumulative preference shares	Nordic Microfinance Initiative Fund III KS	-	1,500.00

E. Balances as at year end

(Rs. in lakhs)

Nature of Balance	Related Party	31-Mar-22	31-Mar-21
Receivable	Svasti Foundation*	31.62	31.62
Receivable	Svasti Financial Services Private Limited*	1.20	1.20
Receivable/(Payable)	B Narayanan	100.00	100.00
Receivable/(Payable)	P Arunkumar	100.00	100.00

* The Company is carrying a provision of Rs.32.82 Lakhs against such balances.

V. NARAYANAN & CO. Old No 46 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

26 Retirement Benefit

Contribution to employees' provident fund and employee's state insurance: Rs.175.78 Lakhs (Previous year: Rs.114.14 Lakhs)

(b) Defined benefit plan - Gratuity:

(1) Description of the Gratuity Plan:
The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees. **' Gratuity liability is funded with Life Insurance Corporation of India (LIC)'**

(2) Amount recognized in the Balance Sheet and movements in net liability:

(Rs. in lakhs)

Particulars	As At 31-Mar-22	As At 31-Mar-21
Present Value of Funded Obligations	344.73	245.48
Fair Value of Plan Assets	94.25	89.37
Net Liability / (Asset) recognized in the Balance Sheet	250.48	156.11

The fair value of the plan assets does not include the Company's own financial instruments

(3) Expenses recognized in the Statement of Profit & Loss

(Rs. in lakhs)

Particulars	Year ended 31-Mar-22	Year ended 31-Mar-21
Current Service Cost	47.99	42.03
Interest on Defined Benefit Obligation	16.17	13.20
Expected Return on Plan Assets	(5.87)	(5.31)
Net Actuarial Losses/ (Gains) Recognized in the year	38.72	(10.35)
Past Service Cost	-	-
Other Charges	-	-
Total	**97.01**	**39.57**

(4)Reconciliation of Benefit Obligation & Plan assets for the Period

Change in Defined Benefit Obligation

(Rs. in lakhs)

Particulars	As At 31-Mar-22	As At 31-Mar-21
Opening Defined Benefit Obligation	245.48	206.91
Current Service Cost	47.99	42.03
Interest Cost	16.17	13.20
Actuarial Losses /(Gain)	39.62	(12.06)
Benefits Paid	(4.53)	(4.60)
Closing Defined Benefit Obligation	**344.73**	**245.48**

Change in Fair Value of Assets

(Rs. in lakhs)

Particulars	As At 31-Mar-22	As At 31-Mar-21
Opening Fair Value of Plan Assets	89.37	79.09
Expected Return on Plan Assets	5.87	5.31
Actuarial Gain / (Losses)	0.90	(1.71)
Assets Distributed on Settlements	-	-
Contributions by Employer	2.64	11.28
Assets Acquired on Acquisition /(Distributed on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(4.53)	(4.60)
Closing Fair Value of Plan Assets	**94.25**	**89.37**

(5)Actuarial Assumptions at the Valuation date

Particulars	31-Mar-22	31-Mar-21
Discount Rate	6.95%	6.65%
Expected Rate of Return on Plan Assets*	6.95%	6.65%
Salary Escalation Rate	11.00%	10.00%

*This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations

V. NARAYANAN & CO. Old No 45, New No 51, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

(6) Descriptions of the Plan Assets (Rs. in lakhs)

Category of Assets	2021-2022	2020-2021
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Insurer Managed Funds	100%	100%
Others	0%	0%
Total	100%	100%

(7)Experience Adjustments (Rs. in lakhs)

Particulars	2021-22	2020-21	2019-2020
Experience (gain)/loss on obligation	19.68	(4.86)	27.97
Actuarial (gain)/loss on plan assets	0.90	(1.71)	(0.61)

Particulars	2018-2019	2017-2018
Experience (gain)/loss on obligation	10.75	8.76
Actuarial (gain)/loss on plan assets	(0.57)	(0.11)

The company expects to contribute Rs. 11.12 Lakhs (Previous year Rs. 7.37 Lakhs) towards the gratuity fund in the next year.

(8) Current/Non current classification

	31-Mar-22	31-Mar-21
Current	-	-
Non current	250.47	156.11
Total	**250.47**	**156.11**

27 Movement in compensated absences

	31-Mar-22	31-Mar-21
Opening Liability	36.46	26.09
Add: Change / Charge for the period	(36.46)	10.37
Less: Payment Made	-	-
Closing Liability	-	36.46

Current/Non current breakup	31-Mar-22	31-Mar-21
Current	-	36.46
Non current	-	-
Total	-	36.46

28 Operating Leases

The Company has taken on operating lease premises for a period ranging from 11 months to 36 months which are non-cancellable for the period as reflected in the agreement. The total lease payments for the current year, in respect of operating leases, included under rent, aggregates to Rs. 245.12 Lakhs (Nil Capitalised) (P.Y.Rs. 177.54 Lakhs Nil capitalised)

The future lease payments in respect of the non cancellable period referred above are as follows:

(Rs. in lakhs)

	As on March 31, 2022	As on March 31, 2021
Not later than one year	39.45	35.36
Later than one year but not later than five years	3.32	18.63
Later than 5 years	Nil	Nil

29 Earnings per share

(Rs. in lakhs)

	Year Ended 31st March, 2022	Year Ended 31st March, 2021
Net Profit After Tax	238.89	203.40
Less: dividend on convertible preference shares	(371.70)	(114.05)
Net profit/(loss) for calculation of basic EPS	**(132.81)**	**89.35**
Net profit as above	(132.81)	89.35
Add: dividend on convertible preference shares	371.70	114.05
Net profit/(loss) for calculation of diluted EPS	**238.89**	**203.40**
Weighted average number of equity shares in calculating basic EPS	31,38,542	31,38,542
Effect of dilution:		
Convertible preference shares	14,19,066	9,39,245
Weighted average number of equity shares in calculating diluted EPS	**45,57,608**	**40,77,787**
Earnings per share (Face value of Rs. 10 per share)		
- Basic	(4.23)	2.85
- Diluted	(4.23)	2.85

V. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

30 Deferred Tax

Deferred Tax Asset Computation

(Rs. in lakhs)

Particulars	Deferred Tax Asset / Liability as on 1st April, 2021	Current year credit/ (charge)	Deferred Tax Asset / Liability as on 31st March, 2022
A. Deferred Tax Liability			
Difference between book and tax depreciation	(23.37)	20.28	(3.09)
Unamortized business expenses	(72.41)	(21.17)	(93.57)
Total (A)	**(95.78)**	**(0.89)**	**(96.66)**

(Rs. in lakhs)

Particulars	Deferred Tax Asset / Liability as on 1st April, 2021	Current year credit/ (charge)	Deferred Tax Asset / Liability as on 31st March, 2022
B. Deferred Tax Asset			
Provision for employees benefit–leave encashment	9.18	(9.18)	-
Provision for employees benefit - gratuity, receivables	39.29	23.75	63.04
Provision for receivables	337.06	64.11	401.17
Provision for other loans and advances	50.73	(16.89)	33.84
Total(B)	**436.26**	**61.79**	**498.05**
Net Deferred Tax (Asset) /Liability (A-B)	**340.48**	**60.90**	**401.39**
Previous Year	92.48	248.00	340.48

31 Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. The loans inclusive of unpaid interest, when the instalment is overdue for a period of three months or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets. However, as per RBI instructions, the moratorium granted amidst the lockdown since month of March'20 to August'20 was not considered in computation of NPA.

Classification of Loans and provision made for Standard / doubtful assets as at March 31, 2022:

	Gross Asset As at Mar 31, 2022	Provisions As at Mar 31, 2022	Net loan Outstanding As at Mar 31, 2022
JLG (unsecured)			
Standard asset	51,548.18	1,027.67	50,520.52
Non-Performing asset	978.83	513.42	465.41
Total	**52,527.01**	**1,541.08**	**50,985.93**
Individual Loan			
Standard asset	2,131.61	6.45	2,125.15
Non-Performing asset	85.29	8.53	76.76
Doubtful asset	37.90	37.90	-
Total	**2,254.80**	**52.88**	**2,201.91**

Classification of Loans and provision made for Standard / doubtful assets as at March 31, 2021:

	Gross Asset As at Mar 31, 2021	Provisions As at Mar 31, 2021	Net loan Outstanding As at Mar 31, 2021
JLG (unsecured)			
Standard asset	31,349.81	997.58	30,352.22
Non-Performing asset	526.72	318.77	207.96
Total	**31,876.53**	**1,316.35**	**30,560.18**
Individual Loan			
Standard asset	1,745.20	39.37	1,705.83
Non-Performing asset	54.73	5.47	49.25
Doubtful asset	25.40	25.40	-
Total	**1,825.33**	**70.24**	**1,755.08**

Movement of Loan provision

	As at Mar 31, 2022	As at Mar 31, 2021
Opening Balance	1,386.60	431.54
Addition during the year	242.93	955.06
Reversal during the year	(35.56)	-
Closing Balance	**1,593.97**	**1,386.60**

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS Old No 45 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

32 Securitization of Portfolio Receivables

The Company has participated in 2 (Previous Year : 1) transaction during the year involving securitization of portfolio receivables from loans seasoned for at least 3 months. The portfolio has been sold to a Special Purpose Vehicle (SPV) created for handling the securitization transaction.

Each transaction entered into by the Company involves a "True Sale", i.e., involving the assignment of the total pool to the Issuer Trust, assigning thereby all the rights, title and interest of the Company (as Originator) in the Receivables to the Trust. The assignment shall be to the end and intent that the Issuer Trust shall thereafter be deemed to be the full and absolute legal and beneficial owner of the Total

The exposure of the Company to the assigned receivables subsequent to the True Sale is restricted to the Credit Enhancement provided by the Company to the Trust. Such credit enhancement has been provided by way of cash collateral.

The Company is to act as a servicing agent responsible for collection of all cash flows from the underlying receivables and remittance to the SPV until the underlying is repaid or the clean up call is exercised. The clean up call can be exercised by the company when not more than 10% of the pool principal from the pool remains unpaid.

The difference between the purchase consideration and the pool value after providing for processing fees and servicing cost has been considered as Gain from Securitization maximum of amounts arrived based on principle cash flow collected to total Principal cash flows or time proportion basis. The portion of the gains pertaining to principal cash flow to be recognised in the future has been disclosed in "Gain from Securitization not accrued" under "Other Current Liabilities". Gains from securitization of portfolio under premium structure are accrued higher of the amortization of the principal value of the portfolio securitized during the year after provision of processing fees and servicing cost and on time proportion basis as per RBI directions. In case of PAR type of securitisation transactions the difference between the Pool value and the purchase consideration is accounted as Over collateralisation and is disclosed under "other current assets" or "other non current assets" as per the maturity period.

Disclosure as per RBI Guidelines

Particulars	As at 31st March, 2022	As at 31st March, 2021
No of SPVs sponsored by the NBFC for securitisation transactions	2	2
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,904.45	1,568.98
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
-First Loss		
-Others		
b) On-balance sheet exposures		
-First Loss	263.69	251.31
-Others		

The summary of all securitization transactions done are as under:

(Rs. in lakhs)

Particulars	Year ended March 31,2022	Year ended March 31,2021
Purchase Consideration	2,640.76	1,309.62
Principal value of pool securitized	2,904.45	1,455.13
Gain from securitization recognized during the year	106.47	3.00
Gains from securitization to be recognized in future		
-Current	-	-
-Non Current	-	-
Service fee received	7.00	-
Processing Fees	-	-
Finance Cost on Securitisation	-	74.62
Cash Collateral provided as credit enhancement	197.77	116.41

C. Direct Origination: The Company continues to originate portfolio on behalf of 2 Financial Institutions (FI) (Previous year 3 Financial Institution).

The Company is responsible for originating and servicing the loans originated on behalf of the FI against which the Company receives consideration.

A summary of the direct origination transactions for the year are as under:

(Rs. in lakhs)

Particulars	Year ended March 31,2022	Year ended March 31,2021
Portfolio originated during the year	120.75	236.00
Income from portfolio originated during the year	0.55	1.08
Income from servicing of managed portfolio for the year	255.44	755.06

V. NARAYANAN & CO. Old No 15, New No 38, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED CHENNAI

33 Disclosure on Margin Cap

Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated September 3, 2012 . Margin of the Company as on March 31, 2022 is 7.56% (Previous Year: 9.01%).

(Rs. in lakhs)

Particulars	March 31, 2022	March 31, 2021
Average interest charged on Loans (a)	20.82%	22.71%
Average interest expense on borrowings (b)	13.26%	13.70%
Net Interest Margin (a-b)	**7.56%**	**9.01%**

34 Disclosure on derivative instruments and unhedged foreign currency exposure

(Rs. in lakhs)

	As at March 31, 2022	As at March 31, 2021
(i) Outstanding Derivatives : (Notional principal amount in EURO: EUR30,00,000)	2,397.00	2,397.00
For Hedging (Currency & Interest Rate Derivatives):	-	-
(ii) Mark to Market positions- Asset/(Liability)	36.66	28.56
(iii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

35 Earnings in foreign currency for the year ended 31st March, 2022: Nil (Previous year: Nil)

36 Expenditure in foreign currency for the year ended 31st March, 2022: Rs. 70.87 lakhs (Previous year: Rs.111.92 lakhs)

Particulars	March 31, 2022	March 31, 2021
Professional Fees	28.66	91.87
Software License Fees	42.21	20.05
Total	**70.87**	**111.92**

37 For the year ended 31 March 2022 the Company is not required to transfer any amount into the Investor Education & Protection Fund. (Previous year: NIL).

38 There are no pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities other than those disclosed in Note 22.

41 Capital to Risk Assets Ratio (CRAR)

Particulars	As on 31 Mar 2022	As on 31 Mar 2021
CRAR %	24.33%	33.83%
CRAR- Tier I Capital %	21.53%	32.57%
CRAR- Tier II Capital %	2.80%	1.26%
Amount of subordinate debt raised as Tier II Capital	2,500.00	1,000.00
Amount raised by issue of Perpetual Debt Instruments	-	-

42 Exposure to Real Estate Sector (direct and indirect) are as follows:-

Exposure to Real Estate Sector (direct and indirect) is Rs. Nil. (Previous year:- Rs. Nil/-)

43 Corporate Social Responsibility (CSR)

Pursuant to Section 135 of Companies Act,2013, the company has incurred expenditure in respect of corporate social responsibility as follows:-

Particulars	Year ended March 31,2022	Year ended March 31,2021
Gross Amount required to be spent towards CSR u/s 135 (5) of Companies Act , 2013 (A)	13.11	12.42
Amount spent during the year (B)	-	-
(a) Construction/ acquisition of asset	-	-
(b) Others	0.10	4.42
Excess/(shortfall) (A-B)	**(13.01)**	**(8.00)**

Note:

None of the CSR projects undertaken by the Company has been fall under definition of "On-going Projects".

There is no amount required to be contributed to specified fund u/s 135(6).

The Company has spent the shortfall of previous year in the current year. Futher, the Company has initiated the process with an organisation to spend the amount however the agreement could not be executed. The Company has time till September 30, 2022 to spend the shortfall for the year ended March 31, 2022.

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

39 The Covid-19 pandemic continues to affect several countries across the world, including India. Consequent lockdowns and varying restrictions imposed by the government across several jurisdictions in which the Company operates, has led to significant disruptions and dislocations for individuals and businesses, impacting the Company's business operations, including lending and collection activities during the years ended March 31, 2022 and March 31, 2021. In accordance with the Reserve bank of India (RBI) guidelines related to "Covid-19 regulatory package" dated March 27, 2020 and subsequent guidelines on EMI moratorium dated April 17, 2020 and May 23, 2020 the Company had offered moratorium to its customers based the eligibility for EMIs falling due between March 1, 2020 to August 31, 2020. The impact of COVID-19 pandemic including "second wave", on the Company's operations and financial metrics, including the Company's estimates of impairment of loans will depend on the future developments, which are highly uncertain. Management continues to monitor the evolving situation on an ongoing basis and management has considered events up to the date of these financial statements, to determine the financial implications including in respect of provisioning of assets under financing activities.

As at March 31, 2022, the Company carries provision more than the minimum required as per Income Recognition and asset classification norms and other circulars issued by RBI considering managements best estimate of possible potential losses. Given the dynamic and evolving nature of pandemic, these estimates are subject to uncertainty caused by the ongoing Covid-19 pandemic and related events.

40 The economic fallout on account of COVID-19 pandemic has led to significant financial stress for many borrowers. Considering the above, with the intent to facilitate revival and to mitigate the impact on ultimate borrowers, Reserve Bank of India (RBI) introduced measures under the Resolution Framework for COVID-19. As per the RBI Framework, the Company has established a policy to provide resolution for eligible borrowers having stress on account of COVID-19 in line with the RBI Guidelines.

As advised under the said circular and Company's policy, the eligibility of customers was assessed, so as to understand the extent of financial stress caused due to COVID-19. In addition to assessing the impact of stress, the Resolution framework was discussed with the eligible borrower prior to invocation of Resolution plan. The Resolution Framework offered to ensure that the servicing of the restructured loan is not likely to be impacted.

Type of borrower	No. of accounts where resolution plan has been implemented	Exposure to accounts mentioned at before implementation of the plan	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
MSME	38,503.00	7,284.26	-	-	728.43

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan	Aggregate debt that slipped into NPA during the year	Amount written off during the year	Net amount paid by the borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan
MSME	7,284.26	-	-	1,614.68	5,669.58

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

V. NARAYANAN & CO. CHARTERED ACCOUNTANTS Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001

44 Disclosure of Customer Complaints

Particulars	Year ended March 31,2022	Year ended March 31,2021
Number of Complaints pending at the beginning of the year	204	49
Number of Complaints received during the year	324	392
Number of Complaints redressed during the year	436	237
Number of Complaints pending at the end of the year	92	204

45 Details of penalties imposed by RBI and other regulators

No penalties have been imposed by RBI and other regulators on the Company during the financial year ended March 31, 2022 and March 31, 2021.

46 Qualifying Assets

The Company has maintained the qualifying asset percentage of 89.77% (PY: 85.29%) as at March 31, 2022, as specified in the RBI Master Direction - Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016.

Master Direction DNBR.PD.007/03.10.119/2016-17 dated September 1,2016 and as amended from time to time. **(Rs. in lakhs)**

	As at March 31, 2022	As at March 31, 2021
Total Assets	66,824.75	49,277.84
Less : cash and bank balances and money market instruments		-
Cash and bank balances	8,305.44	11,043.12
Current investments in AIF/MF	-	600.00
Cash Collateral with Financial Institutions	-	258.87
Net assets* (A)	**58,519.31**	**37,375.85**
Receivables under financing activities		
Gross portfolio	54,781.81	33,701.86
Less : Non-qualifying assets - individual loans (LAP)	2,254.80	1,825.33
Qualifying assets (B)	**52,527.01**	**31,876.53**
Qualifying assets / Net assets : (B) / (A)	**89.76%**	**85.29%**

*The Company has derived the Net assets by reducing cash in hand, balances with banks, current investments and cash collateral with financial institutions from the total assets for this computation.

49 Analytical Ratios

Particulars	As at March 31, 2022	As at March 31, 2021	Changes%
Current Ratio	1.87	1.85	1.31%
Debt Equity Ratio*	3.63	2.45	48.46%
Debt Service Coverage Ratio^	0.20	0.29	(31.87%)
Return on Equity Ratio	0.02	0.02	15.87%
Return on Capital employed	0.08	0.11	(24.62%)

* Debt Equity ratio has increased due to increase in Business volumes

^ Debt service coverage ratio has decreased due to decrease in the Net Interest Margin due to reduction in lending rates

V NARAYANAN & CO. Old No 45, New No 38, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

47 Maturity pattern of assets and liabilities

Maturity pattern of assets and liabilities as on March 31, 2022

(Rs. in lakhs)

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings	2,501.90	1,622.17	4,970.80	5,005.62	10,533.43	21,656.00	3,600.23	-	49,890.15
Assets	-	-	-	-	-	-	-	-	
Cash & Bank	4,807.32	26.83	945.95	846.07	181.45	-	-	-	6,807.61
Investments	-	-	-	-	-	-	-	-	-
Loan Assets	4,913.53	4,419.37	4,200.40	11,594.55	17,284.05	12,122.98	236.73	10.21	54,781.81

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

Particulars	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings	1,257.96	1,283.74	1,032.89	3,184.45	10,623.41	15,279.35	500.00	-	33,161.79
Assets	-	-	-	-	-	-	-	-	
Cash & Bank	3,181.92	4,787.10	49.87	6.25	1,216.70	-	-	-	9,241.85
Investments	600.00	-	-	-	-	-	-	-	600.00
Loan Assets	2,748.41	2,247.03	2,207.48	6,235.19	10,682.31	9,522.71	58.73	-	33,701.85

48 Trade Payable ageing

(Rs. in lakhs)

As at March 31, 2022

	Less than 6 months	Less than 6 months to 1 year	1 to 2 year	2 to 3 year	More than 3 years	Total
MSME	4.91	-	-	-	-	4.91
Others	123.30	-	0.11	0.40	-	123.81
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	**128.20**	-	**0.11**	**0.40**	-	**128.72**

As at March 31, 2021

	Less than 6 months	Less than 6 months to 1 year	1 to 2 year	2 to 3 year	More than 3 years	Total
MSME	0.91	-	-	-	-	0.91
Others	90.82	-	4.82	4.97		100.61
Disputed MSME	-	-	-	-	-	-
Disputed Others	-	-	-	-	-	-
Total	**91.73**	-	**4.82**	**4.97**	-	**101.53**

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

A. NARAYANAN & CO. Old No 45, New No 51, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

50 Liquidity Risk

Disclosure on liquidity risk under RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

Funding Concentration based on significant parties

Particulars	As at March 31, 2022	As at March 31, 2021
Number of Sigfnificant Parties	2	4
Amount of Borrowings	18,216.25	18,895.62
% of total liabilities	34.31%	52.88%

Top 10 Borrowings

Particulars	As at March 31, 2022	As at March 31, 2021
Amount of Total Borrowings	32,102.78	25,417.44
% of total borrowings	60.46%	71.13%

Funding Concentration

Particulars	As at March 31, 2022	% of Total Liabilities
Term Loan	33,529.45	63.15%
NCD	9,340.85	17.59%
Sub-debt	2,500.00	4.71%
ECB	2,519.85	4.75%
Commercial Papers	2,000.00	3.77%

Particulars	As at March 31, 2021	% of Total Liabilities
Term Loan	23,390.76	65.46%
NCD	6,200.00	17.35%
Sub-debt	1,000.00	2.80%
ECB	2,571.03	7.20%

Stock Ratios

Particulars	As at March 31, 2021	% of Total Liabilities
Commercial paper as a % of total liabilities	3.77%	0.00%
Commercial paper as a % of total assets	3.04%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total liabiliti	Not Applicable	Not Applicable
Non-convertible debentures (original maturity of less than one year) as a % of public funds	Not Applicable	Not Applicable
Non-convertible debentures (original maturity of less than one year) as a % of total assets	Not Applicable	Not Applicable
Other short-term liabilities as a % of total liabilities	48.87%	56.71%
Other short-term liabilities as a % of public funds	52.08%	61.24%
Other short-term liabilities as a % of total assets	38.68%	40.80%

Institutional set-up for Liquidity Risk Management

The Company's Board of Directors has the overall responsibility of management of liquidity risk The Board decides the strategic policies and procedures of the Company to manage the liquidity risk.

The Company also has a Risk Management Committee, which is a sub-committee of the Board and is responsible for evaluating the overall risk faced by the Company including liquidity risk

Notes

1. A "Significant party" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 10% for other non-deposit taking NBFCs.
2. Total Liabilities has been computed as sum of all liabilities (Balance Sheet figure) less Equities and Reserves/Surplus.
3. "Public funds" shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 10 years from the date of issue as defined in Regulatory Framework for Core Investment Companies issued vide Notification No. DNBS (PD) CC.No. 206/03.10.001/2010-11 dated January 5, 2011.
4. The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2022.

V NARAYANAN & CO Old No 46 New No 58 Vallalar Street Periyakuppam Tiruvallur 602 001 CHARTERED ACCOUNTANTS

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI

Svasti Microfinance Private Limited
CIN: U65922TN1995PTC030293
Notes forming part of Financial Statements for the year ended March 31, 2022
(All amounts are in lakhs, unless otherwise stated)

51 Statutory disclosure required as per Schedule III Division I of the Companies Act, 2013

(i) The Company does not have any transactions with struck-off companies under section 248 of the Companies Act, 2013

(ii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Companies Act, 2013 read with

(iii) During the year, no scheme of arrangements in relation to the Company has been approved by the competent authority in terms of Section 230 to 237 of the Companies Act, 2013. Accordingly, aforesaid disclosure are not applicable, since there were no such transaction.

(iv) The Company does not have any transactions which were not recoded in the books of accounts, but offered as income during the year in the income tax assessment

(v) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year

52 Preference shareholder shall be paid Dividend before dividend is paid to the equity shareholders of the company.

Preference shares carry a preferential right as to Dividend in accordance with the terms of issue. However, this right is subject to the availability of distributable profits. Since the Dividend on preference shares is governed by the terms of issue already approved by the shareholders, the board may declare Dividend on such shares in accordance with the terms of issue.

The right of preference shareholders to receive Dividend is subject to the availability of distributable profits and it may be noted that this is not to receipt of Dividend but to preferential treatment if and when Dividend is declared.
Dividend on preference shares can be paid out of free reserve subject to its declaration.

53 Comparatives

Previous year figures have been regrouped / reclassified wherever required to confirm with current year grouping / classification. Prior year comparatives have been audited by predecessor auditor.

These notes are an integral part of the financial statements

As per our report of even date

For M/s V Narayanan & Co.
Chartered Accountants
ICAI Firm registration number: 002398S

V. NARAYANAN & CO. Old No 45, New No 58, Vallalar Street, Periyakuppam, Tiruvallur 602 001 CHARTERED ACCOUNTANTS

Vaidyanathan N A
Partner
Membership No: 209256

Place: Chennai
Date : June 30, 2022

For and on behalf of the Board of Directors of Svasti Microfinance Private Limited

P Arunkumar
Whole-time Director & CEO
DIN: 01890656
Place: Mumbai
Date : June 30, 2022

B Narayanan
Whole-time Director & CFO
DIN: 01216715
Place: Chennai
Date : June 30, 2022

Varsha Waghela
Company Secretary
Membership No: A-48689
Place: Mumbai
Date : June 30, 2022

SVASTI MICROFINANCE PRIVATE LIMITED MUMBAI