

Vivardhana Microfinance Limited
Balance Sheet as at


| Particulars | Note | Amount in ₹ | |
|---|----------|--------------------|--------------------|
| | | 31 March 2020 | 31 March 2019 |
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share capital | 2.1 | 5,00,00,000 | 5,00,00,000 |
| Reserves and surplus | 2.2 | 1,04,80,338 | 44,07,710 |
| Non current liabilities | | | |
| Long term borrowings | 2.3 | 1,79,83,490 | 1,14,00,000 |
| Long term provisions | 2.4 | 5,07,804 | 2,89,073 |
| Current liabilities | | | |
| Trade Payables (includes total dues of Micro and Small enterprises ₹ Nil/- (₹ Nil/-) Refer Note No. 3.13) | 2.5 | 1,96,319 | 4,17,795 |
| Other current liabilities | 2.6 | 1,51,02,140 | 9,01,312 |
| Short term provisions | 2.7 | 11,90,677 | 5,59,705 |
| Total | | 9,54,66,768 | 6,79,75,595 |
| Assets | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | | | |
| Tangible assets (net) | 2.8 | 1,49,991 | 2,24,065 |
| Deferred tax assets (net) | 2.9 | 2,59,605 | 2,22,185 |
| Long term receivables under financing activities | 2.10(a) | 2,67,83,310 | 2,22,74,919 |
| Long term loans and advances | 2.11 | 7,98,199 | 1,39,913 |
| | | 2,80,01,105 | 2,28,61,062 |
| Current assets | | | |
| Cash and bank balances | 2.12 | 45,64,378 | 5,13,978 |
| Short term receivables under financing activities | 2.10 (b) | 6,13,39,078 | 4,35,87,492 |
| Short term loans & advances | 2.13 | 1,78,962 | 4,349 |
| Other current assets | 2.14 | 13,83,295 | 10,08,694 |
| | | 6,74,65,663 | 4,51,14,513 |
| | | 9,54,66,768 | 6,79,75,595 |

See accompanying notes forming part of the financial statements

1, 2 & 3

In terms of our report attached

For Sundar Srinil & Sridhar
Chartered Accountants
Firm Registration Number: 0042015


S. Sridhar
Partner
Membership Number: 025504



For and on behalf of the Board of Directors:


Eswaran Natarajan Sasthy
Managing Director
DIN: 03519077


Ramakrishnan Natarajan
Director
DIN: 07812007

Place: Chennai
Date: July 18, 2020

Vivardhana Microfinance Limited
Statement of Profit and Loss for the year ended

| Particulars | Note | Amount in ₹ | |
|---|------|--------------------|--------------------|
| | | 31 March 2020 | 31 March 2019 |
| Income | | | |
| Revenue from operations | 2.15 | 1,88,83,690 | 1,17,99,303 |
| Other income | 3.16 | 76,895 | 4,91,320 |
| Total revenue | | 1,90,40,585 | 1,22,90,623 |
| Expenses | | | |
| Employee benefits expense | 2.17 | 37,53,834 | 33,04,261 |
| Finance Costs | 2.18 | 25,95,546 | 3,65,404 |
| Depreciation | 2.7 | 74,074 | 62,517 |
| Other expenses | 2.19 | 46,06,230 | 36,26,038 |
| Total expenses | | 1,11,29,772 | 73,58,220 |
| Profit before tax | | 79,10,813 | 49,32,403 |
| Tax expense: | | | |
| Current tax | | 18,86,000 | 13,98,000 |
| Deferred tax charge/ (credit) | | (47,420) | (1,17,969) |
| Short/(Excess) provision for Income Tax | | (395) | 5,163 |
| Net Profit after tax for the year | | 60,72,628 | 36,47,209 |
| Earnings per equity share: | | | |
| Basic (in ₹) | | 1.21 | 0.73 |
| Weighted average number of equity shares | | 50,00,000 | 50,00,000 |
| Nominal value per share (in ₹) | | 10.00 | 10.00 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached

For Sundar Srinii & Sriidhar
Chartered Accountants
Firm Registration Number: 042015

S. Sridhar
Partner

Membership Number: 025504

Place: Chennai

Date: July 18, 2020



For and on behalf of the Board of Directors


Eshwaran Natesa Sastry
Managing Director
DIN: 03519077


Ramakrishnan Natarajan
Director
DIN: 07812007

Vivardhana Microfinance Limited
Cash Flow Statement for the year ended

| Particulars | Amount in ₹ | |
|--|----------------------|----------------------|
| | 31 March 2020 | 31 March 2019 |
| A) Cash Flow From Operating Activities | | |
| Net profit before tax | 79,10,014 | 49,32,403 |
| Adjustments for | | |
| Depreciation | 74,074 | 62,517 |
| Provisions against standard loans | 6,61,211 | (1,51,424) |
| Operating profits before working capital adjustments | 86,45,099 | 56,48,344 |
| Working capital adjustments | | |
| (Increase)/Decrease in receivables under financing activity | (2,22,90,927) | (6,51,42,411) |
| (Increase)/Decrease in loans and advances | 14,84,542 | (64,349) |
| (Increase)/Decrease in other assets | (3,74,001) | (8,82,477) |
| Increase/ (Decrease) in trade payable | (2,21,476) | 2,84,075 |
| Increase/ (Decrease) in provisions and other liabilities | 8,64,722 | 10,86,116 |
| Net cash from operating activities | (1,38,23,726) | (5,90,72,702) |
| Direct taxes paid | (22,33,962) | (14,78,443) |
| Net Cash From/(Used In) Operating Activities | (1,60,57,688) | (6,05,51,145) |
| B) Cash Flow From Investing Activities | | |
| Purchase of fixed assets | - | (1,75,692) |
| Movements in bank balances not considered as cash and cash equivalents | (35,51,883) | - |
| Net Cash From/(Used In) Investing Activities | (35,51,883) | (1,75,692) |
| C) Cash Flow From Financing Activities | | |
| Proceeds from issue of secured non-convertible debentures | 1,03,00,000 | 1,14,00,000 |
| Proceeds from borrowings from banks | 98,08,088 | - |
| Net Cash From/(Used In) Financing Activities | 2,01,08,088 | 1,14,00,000 |
| Net Increase/(Decrease) In Cash And Cash Equivalents | 4,98,517 | (4,93,36,837) |
| Cash and cash equivalents at the beginning of the year | 5,13,978 | 4,98,40,815 |
| Cash and cash equivalents at the end of the year | 10,12,495 | 5,13,978 |
| Add: Held in margin money accounts | 35,51,683 | - |
| Cash and bank balances as per Balance Sheet (Note 2.12) | 45,64,378 | 5,13,978 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For Sundar Srinil & Sridhar
Chartered Accountants
Firm Registration Number: 0046015

S. Sridhar
Partner
Membership Number: 025504



For and on behalf of the Board of Directors


Eswaran Natesa Sastry
Managing Director
DIN: 09519077


Ramaarichuan Natarajan
Director
DIN: 07872007

Place: Chennai
Date: July 18, 2020

Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Business overview

Vivardhana Microfinance Limited ("the Company") is a public limited company domiciled in India and incorporated under the provision of Companies Act, 2013 on 19th May 2017. The company is registered with Reserve Bank of India as a Non-Banking Financial (Non-deposit Accepting or Holding) Company- Micro Finance Institution effective 12th of February 2018.

The Company is primarily engaged in directly providing collateral free micro credit facilities exclusively to poor men and women in India either through Self-help Group model (SHG)/Joint Liability Group model (JLG) or individually for the purpose of agricultural development, micro industrial development, habitat development etc.

1.0 Significant accounting policies

1.1 Basis for preparation of financial statements

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply with the mandatory accounting standards as prescribed under Section 133 of the Act, read with Companies (Accounting Standards) Rules, 2006 and Rule 3(2) of the Companies (Indian Accounting Standards) Rules, 2015 along with the relevant provisions of the Act and the provisions of the Reserve Bank of India ("RBI"), to the extent applicable, as per Master Directions - Non Banking Finance Company ("NBFC") - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 007/03.10.119/2016-17 dated September 01, 2016, as amended from time to time and Non Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011 issued vide Notification DNBS. PD.No.234 dated December 02, 2011, as amended from time to time. The financial statements have been prepared on accrual basis under the historical cost convention except interest on loans classified as non-performing assets, which is accounted for on realization basis.

1.2 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

1.3 Current - Non-current classification

All assets and liabilities are classified into current and non-current.

Assets: An asset is classified as current when it satisfies any of the following criteria:

- i) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded; or



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

iii) It is expected to be realized within 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- i) It is expected to be settled in the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded;
- iii) It is due to be settled within 12 months after the reporting date; or
- iv) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current Liabilities include the current portion of non current financial liabilities. All Other Liabilities are classified as non-current.

1.4 Cash flow statement

Cash flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. The Cash flow statement forms part of the financial statements.

1.5 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

1.6 Property, plant and equipment

Property, plant and equipment (PPE) are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

1.7 Depreciation

PPE are intended to be depreciated on Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. For the assets acquired/disposed during the year, depreciation/amortization has been charged on pro-rata basis.

1.8 Classification of loan portfolio:



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Loan portfolio is classified into 'Performing and non-performing' assets in accordance with Non-Banking Financial Company- Micro Finance Institutions (NBFC-MFIs) Directions issued by RBI as mentioned below:

i) Standard Assets means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

ii) Non-performing asset means asset for which, interest / principal payment has remained overdue for a period of 90 days or more.

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

1.9 Provisioning norms for loan portfolio:

The aggregate loan provision of the Company is not less than higher of:

i) 1% of the outstanding loan portfolio.

ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

The above mentioned provisioning policy is as per the provision policy prescribed in the NBFC-MFI Directions.

Considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated and provided additional provision of 0.5% on total outstanding loans over and above the regulatory requirement (refer note 3.15 for further details)

1.10 Revenue recognition

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

a) Interest income on loan portfolio is recognized on accrual basis taking into account amount outstanding and rate applicable except in the case of non-performing assets where it is recognized, upon realization, as per the prudential norms of RBI and any such income recognised before the asset became non-performing and remaining unrealised is reversed.

b) Loan Processing fee received upfront are considered to be accrued at the time of entering in to binding agreement upon its receipt and are recognized accordingly.

c) Interest on term deposits has been accrued on the time proportionate basis, using the underlying interest rate.

d) Other income is recognised on an accrual basis.

1.11 Accounting for taxes on income:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Income taxes are accrued in the same year that the related revenue and expenses arise. A provision is made for Income Tax, based on



the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

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

1.12 Impairment of assets

The Company has put all its significant fixed assets to an impairment test at the balance sheet date. If there are any indications that an asset may be impaired based on internal/external factors, the management determines the recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) as, the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

1.13 Provisions, contingent liabilities and contingent assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent Asset is neither recognised nor disclosed in the financial statements.

1.14 Accounting for Employee Benefits

a) Defined benefit plans

The Company accrues for liability towards Gratuity which is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

Actuarial gains and losses are recognized in the statement of profit and loss in the period in which they occur.

b) Defined contribution plans



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

The Company's contribution to employee state insurance scheme is considered as defined contribution plan and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

1.15 Earnings per share

Basic Earnings Per Share are calculated by dividing the net profit/(loss) after tax for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.16 Accounting of expenditure

Expenses are accounted on an accrual basis. Provision has been made for all known losses and liabilities on the date of the financial statements.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.1

Share capital

Note 2.1(i)

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| Authorised | | | | |
| Equity share capital | | | | |
| Equity shares of ₹10/- each | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |
| Issued | | | | |
| Equity share capital | | | | |
| Equity shares of ₹10/- each | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |
| Subscribed & paid up | | | | |
| Equity shares of ₹10/- each | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |
| | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |

Note 2.1(ii)

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year is as given below

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|--|---------------------|--------------------|---------------------|--------------------|
| | Number | Amount in ₹ | Number | Amount in ₹ |
| Equity share capital | | | | |
| Shares outstanding at the beginning of the year | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |
| Shares issued during the year | - | - | - | - |
| Shares outstanding at the end of the year | 50,00,000 | 5,00,00,000 | 50,00,000 | 5,00,00,000 |

Note No.2.1 (iii):

The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

- The company has only one class of equity shares having a par value of ₹10/- each.
- Each holder of the equity share, as reflected in the records of the company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

- c) For the year ended 31.3.2020, the Board of Directors have not proposed any dividend (PY – ₹ Nil).
- d) In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No.2.1.1(iv)

Equity Shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the year is as given below:

| Name of shareholder | As at 31 March 2020 | | As at 31 March 2019 | |
|------------------------|---------------------|--------|---------------------|--------|
| | Number | % | Number | % |
| V Ravichandran | 16,63,400 | 33.27% | 16,63,400 | 33.27% |
| Ravichandran Sudha | 11,79,000 | 23.58% | 11,79,000 | 23.58% |
| C Srikanth | 5,00,000 | 10.00% | 5,00,000 | 10.00% |
| Eswaran Natesan Sastry | 5,00,000 | 10.00% | 5,00,000 | 10.00% |

Note 2.2

Reserves & surplus

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| | ₹ | ₹ |
| Statutory reserves | | |
| Opening Balance | 8,81,542 | 1,52,100 |
| Add: Transfer during the year | 12,14,526 | 7,29,442 |
| Closing balance (A) | 20,96,068 | 8,81,542 |
| Surplus/(Deficit) in statement of profit and loss | | |
| Opening Balance | 35,26,168 | 6,08,401 |
| Add: Net profit after tax transferred from statement of profit & loss | 60,72,628 | 36,47,209 |
| Less : Amount transferred to statutory reserves | (12,14,526) | (7,29,442) |
| Closing balance (B) | 83,84,270 | 35,26,168 |
| Balance carried to balance sheet (A+B) | 1,04,80,338 | 44,07,710 |

Pursuant to the provisions of Section 45(IC) of Reserve Bank of India Act, 1934, the Company has transferred ₹12,14,526 (₹7,29,442) towards Statutory Reserve Fund.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.3

Long term Borrowings

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| | ₹ | ₹ |
| Secured loans | | |
| Non-convertible debentures (Refer note below) | 1,24,00,000 | 1,14,00,000 |
| Term loans from Banks (Refer note below) | 55,83,490 | |
| | 1,79,83,490 | 1,14,00,000 |

Non-convertible debentures

| Particulars | Security | Rate of Interest | Terms of Repayment | As at 31 March 2020 | As at 31 March 2019 |
|--|---|--------------------------------------|--|---------------------|---------------------|
| Series I - 100 (PY - 100) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each | Secured by way of hypothecation of book debts | In the range of 11.50% to 12% p.a | Tenure 24 Months Redeemable on October 21, 2020 The Company may redeem the debentures pro-rata, in part but not in full, by paying a premature redemption premium of 2% on the outstanding principal amounts, subject to terms and conditions. | 50,00,000 | 50,00,000 |
| Series II - 128 (PY - 128) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each | Secured by way of hypothecation of book debts | In the range of 11.50% to 12.25% p.a | Tenure 30 Months Redeemable on August 6, 2021 The Company may redeem the debentures pro-rata, in part but not in full, by paying a premature redemption premium of 2% on the outstanding principal amounts, subject to terms and conditions. | 64,00,000 | 64,00,000 |



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020

| | | | | |
|---|---|--------------------------------------|--|-----------|
| Series III - 120 (PV - Nil) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each | Secured by way of hypothecation of book debts | In the range of 11.50% to 12.25% p.a | Tenure - 18/30 Months Redeemable on Feb 14, 2021 and Feb 14, 2022 The Company may redeem the debentures pro-rata, in part but not in full, by paying a premature redemption premium of 2% on the outstanding principal amounts, subject to terms and conditions. | 60,00,000 |
| Series IV - 86 (PV - Nil) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each | Secured by way of hypothecation of book debts | In the range of 11.50% to 12.25% p.a | Tenure 24 Months Redeemable on Jan 15, 2022 The Company to redeem the debentures in full on maturity | 43,00,000 |

| | | |
|---|--------------------|--------------------|
| Total | 2,17,00,000 | 1,14,00,000 |
| Less: Current maturities of debentures disclosed in 'Other current liabilities' | 93,00,000 | |
| Total - Non-current liability | 1,24,00,000 | 1,14,00,000 |

Borrowings from Banks

| | | | | |
|---|---|-------------------------------------|---------------------------------|-----------|
| CSB Bank - Sanctioned amount of Rs.1,00,00,000 (PV - Nil) | Secured by way of hypothecation of book debts with 1.25x cover of Standard assets Cash Margin of 15% | 13.25% (One year MCLR plus 335 bps) | Tenure of 3 years with 36 EMIs. | 78,08,088 |
|---|---|-------------------------------------|---------------------------------|-----------|



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020

| | | | | | |
|---|---|-------------------------------------|--|-----------|---|
| Indian Bank - Sanctioned amount of Rs. 2,00,00,000 (PY - Nil) | Secured by way of hypothecation of book debts with 1.25x cover of Standard assets Cash Margin of 10% | 12.00% (One year MCLR plus 375 bps) | Repayable in 24 equal monthly installments of principal. | 20,00,000 | - |
|---|---|-------------------------------------|--|-----------|---|

Total

98,08,086

Less: Current maturities of long-term debt disclosed in 'Other current liabilities'

42,24,596

Total - Non-current liability

55,83,490



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.4

Long term provisions

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| | ₹ | ₹ |
| Provision for receivables under financing activities | 3,99,072 | 2,22,749 |
| Provision for employee benefits | 1,08,732 | 66,324 |
| | 5,07,804 | 2,89,073 |

Note 2.5

Trade Payables

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| | ₹ | ₹ |
| Payable towards goods and services received | 1,96,319 | 4,17,795 |
| | 1,96,319 | 4,17,795 |

Note 2.6

Other current liabilities

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|------------------------|------------------------|
| | ₹ | ₹ |
| Statutory dues | 82,510 | 71,170 |
| Current maturities of debentures | 93,00,000 | - |
| Current maturities of long-term debt | 42,24,598 | - |
| Interest accrued but not due on debentures | 6,80,206 | 2,50,669 |
| Interest accrued but not due on term loans | 7,233 | - |
| Capital creditors | - | 1,995 |
| Others | 8,07,593 | 5,77,478 |
| | 1,51,02,140 | 9,01,312 |



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.7

Short term provisions

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Provision for receivables under financing activities | 9,22,763 | 4,35,875 |
| Provision for employee benefits | 2,73,914 | 1,23,830 |
| | 11,96,677 | 5,59,705 |



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.8
Property, Plant and Equipment

| S.No. | Particulars | Gross block | | | Accumulated depreciation | | | Net block | |
|-------|--------------------------------|----------------------|-----------------|-----------------------|--------------------------|-----------------------|-----------|-----------------------|-----------------------|
| | | As at 1st April 2019 | Additions | As at 31st March 2020 | Deletions | As at 31st March 2020 | Deletions | As at 31st March 2020 | As at 31st March 2019 |
| | Tangible assets - Owned | | | | | | | | |
| 1 | Furniture & Fixtures | 83,462 | - | 83,462 | - | 7,929 | - | 80,348 | 76,277 |
| 2 | Computers and its components | 2,06,857 | - | 2,06,857 | - | 66,145 | - | 81,643 | 1,47,788 |
| | | | | | | | | | |
| | Grand Total | 2,92,319 | - | 2,92,319 | - | 74,074 | - | 1,46,991 | 2,24,065 |
| | Previous period | 1,16,827 | 1,75,892 | 2,92,319 | - | 82,537 | - | 2,24,065 | 1,10,890 |



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.9
Deferred tax asset/(liability)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------|------------------------|------------------------|
| | ₹ | ₹ |
| On preliminary expenses | 48,312 | 82,351 |
| On fixed assets | (2,203) | (7,197) |
| On provision for standard assets | 1,35,947 | 97,591 |
| On employee benefits | 87,549 | 49,440 |
| | 2,69,605 | 2,22,185 |

Note 2.10
Receivables under financing activities

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| | ₹ | ₹ |
| Unsecured and considered good | | |
| Microfinance loans | 8,47,70,030 | 6,58,17,065 |
| Business loans | 33,52,308 | 45,346 |
| | 8,81,22,338 | 6,58,62,411 |
| Of the above: | | |
| A) Non-current (Refer Note 2.4 for Provision for Receivables under Financing Activities) | 2,67,83,310 | 2,22,74,919 |
| B) Current (Refer Note 2.7 for Provision for Receivables under Financing Activities) | 6,13,39,028 | 4,35,87,492 |
| | 8,81,22,338 | 6,58,62,411 |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.11

Long term loans & advances

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| Security Deposits | 2,53,000 | 60,000 |
| Staff Loans | 1,16,929 | - |
| Advance tax & TDS receivables (net of provision for income taxes of ₹18,86,000 (PY 13,98,000)) | 4,28,270 | 79,913 |
| | 7,98,199 | 1,39,913 |

Note 2.12

Cash and bank balances

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| | ₹ | ₹ |
| A. Cash and cash equivalent | | |
| Cash on hand | 1,79,282 | 8,443 |
| Balance with bank in - Current account | 8,33,213 | 5,05,535 |
| | 10,12,495 | 5,13,978 |
| B. Balances with banks to the extent held as margin money or security against the borrowings | 35,51,883 | - |
| | 45,64,378 | 5,13,978 |

Note 2.13

Short term loans & advances

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------|---------------------|---------------------|
| | ₹ | ₹ |
| Unsecured, considered good | | |
| Staff loans | 1,78,488 | - |
| Duties and taxes receivable | 474 | 4,349 |
| | 1,78,962 | 4,349 |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.14

Other current assets

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| | ₹ | ₹ |
| Interest accrued but not due on loan portfolio | 12,11,174 | 6,98,065 |
| Interest receivable from fixed deposits | 9,929 | - |
| Prepaid expense | - | 2,09,070 |
| Others | 1,62,192 | 1,01,559 |
| | 13,83,295 | 10,08,694 |

Note 2.15

Revenue from operations

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|------------------------|-------------------------------------|-------------------------------------|
| | ₹ | ₹ |
| Interest income | 1,80,90,645 | 1,08,99,470 |
| Loan processing fees | 7,86,700 | 8,61,950 |
| Other Operating Income | 86,345 | 37,883 |
| | 1,89,63,690 | 1,17,99,303 |

Note 2.16

Other income

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|----------------------------|-------------------------------------|-------------------------------------|
| | ₹ | ₹ |
| Interest on fixed deposits | 76,895 | 4,91,320 |
| | 76,895 | 4,91,320 |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

Note 2.17

Employee benefits expense

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| | ₹ | ₹ |
| Salaries & allowances | 35,63,180 | 31,81,970 |
| Contribution to employee benefit funds | 1,05,868 | 1,18,248 |
| Staff welfare | 84,766 | 4,043 |
| | 37,53,814 | 33,04,261 |

Note 2.18

Finance Costs

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| | ₹ | ₹ |
| Interest on debentures | 18,92,720 | 3,65,404 |
| Interest on borrowings from banks | 5,28,926 | - |
| Other borrowing costs | 2,74,000 | - |
| | 26,95,646 | 3,65,404 |

Note 2.19

Other expenses

| Particulars | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|----------------------------------|-------------------------------------|-------------------------------------|
| | ₹ | ₹ |
| Rent | 3,72,000 | 3,30,000 |
| Legal and professional charges | 7,20,824 | 8,60,525 |
| Consultant charges | 7,86,000 | - |
| Director Sitting Fees | 1,40,000 | 52,500 |
| Travelling expenses | 5,51,592 | 6,07,638 |
| Audit fees | 1,15,000 | 75,000 |
| Subscription and membership fees | 2,73,414 | 2,58,572 |
| Office Maintenance | 33,499 | 26,926 |
| Provisions against loans given | 6,63,211 | 6,51,424 |
| Rates and Taxes | 2,11,568 | 1,61,165 |
| Information Technology expenses | 4,31,980 | 3,95,454 |
| Others | 3,07,150 | 2,06,834 |
| | 46,06,238 | 36,26,038 |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

3.0. Other disclosure

3.1. Related party disclosure

Name of related parties and nature of their relationships are as follows:

| Relationship | Name of the Party |
|--------------------------------|--|
| Key Management Personnel (KMP) | a) Eswaran Natesa Sastry - Managing Director b) A Ganesarathnam - Company Secretary (resigned wef 18 June, 2020) |

Related party transactions

| Nature of Transaction | Amount in ₹ | |
|--|-------------|----------|
| | 2019-20 | 2018-19 |
| a) Transactions during the year | | |
| Remuneration | 3,80,000 | 2,70,000 |
| b) Balance as at the Balance Sheet date | - | - |

3.2. Earnings per share

| Particulars | Amount in ₹ | |
|---|----------------------------------|----------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Profit/(Loss) available for Equity shareholders (in ₹) | 60,72,628 | 36,47,209 |
| Weighted Average No. of Shares | 50,00,000 | 50,00,000 |
| Earnings Per Share in ₹ (FV of ₹10) – Annualized | 1.21 | 0.73 |

3.3. Contingent liabilities, capital and other commitments

- a) Contingent liabilities: ₹ Nil (Nil)
- b) Capital and other commitments: ₹ Nil (Nil)



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

| Assets side | | Amount outstanding |
|-------------|--|---|
| (3) | Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : (a) Secured (b) Unsecured | - 8,81,22,338 |
| (4) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities: (i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease (ii) Stock on hire including hire charges under sundry debtors : (a) Assets on hire (b) Repossessed Assets (iii) Other loans counting towards AFC activities (a) Loans where assets have been repossessed (b) Loans other than (a) above | - - - - - - |
| (5) | Break-up of Investments Current Investments 1. Quoted (i) Shares (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others 2. Unquoted (i) Shares (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others | - |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

| | |
|-----------------------------|---|
| Long Term investments | |
| 1. Quoted | |
| (i) Share | |
| (a) Equity | - |
| (b) Preference | - |
| (ii) Debentures and Bonds | - |
| (iii) Units of mutual funds | - |
| (iv) Government Securities | - |
| (v) Others | - |
| 2. Unquoted | |
| (i) Shares | |
| (a) Equity | - |
| (b) Preference | - |
| (ii) Debentures and Bonds | - |
| (iii) Units of mutual funds | - |
| (iv) Government Securities | - |
| (v) Others | - |

| Borrower group-wise classification of assets financed as in (3) and (4) above : | | | |
|---|--------------------------|--------------------|--------------------|
| Category | Amount net of provisions | | |
| | Secured | Unsecured | Total |
| 1. Related Parties | | | |
| (a) Subsidiaries | - | - | - |
| (b) Companies in the same group | - | - | - |
| (c) Other related parties | - | - | - |
| 2. Other than related parties | - | 8,68,00,503 | 8,68,00,503 |
| Total | - | 8,68,00,503 | 8,68,00,503 |

| Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : | | | |
|---|----------|--|--------------------------------|
| (7) | Category | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| | | 1. Related Parties | |
| (a) Subsidiaries | - | - | |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

| | | | |
|-----|---|---------------|----------|
| | (b) Companies in the same group | - | - |
| | (c) Other related parties | - | - |
| | 2. Other than related parties | - | - |
| | Total | - | - |
| | Other information | | |
| | Particulars | Amount | |
| | (i) Gross Non-Performing Assets | | |
| | (a) Related parties | - | - |
| (B) | (b) Other than related parties | 3,96,493 | 3,96,493 |
| | (ii) Net Non-Performing Assets | | |
| | (a) Related parties | - | - |
| | (b) Other than related parties | 59,828 | 59,828 |
| | (iii) Assets acquired in satisfaction of debt | - | - |

3.6. Provision For outstanding loan portfolio:

The provision for outstanding loan portfolio as at 31 March 2020 has been calculated higher of a) 1.5% (including additional provision of 0.5% on account of COVID-19) on the total loan portfolio outstanding as at the balance sheet date or b) 50% of aggregate loan installments which are overdue for more than 90 days but less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|------------------------|------------------------|
| Loans - Standard | 8,77,25,845 | 6,58,62,411 |
| Loans - Non Performing Assets | 3,96,493 | - |
| Total loans | 8,81,22,338 | 6,58,62,411 |
| Provision on loan | | |
| 1% on total loans | 8,81,223 | 6,58,624 |
| Additional 0.5% on total loans (Refer Note 3.15) | 4,40,612 | - |
| Total (B) | 13,21,835 | 6,58,624 |
| Aggregate of | | |
| (i) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days | 59,828 | - |
| (ii) 100% of the aggregate loan installments which are overdue for 180 days or more. | 2,76,838 | - |
| Total (C) | 3,36,665 | - |
| Higher of (C) or (D) | 13,21,835 | 6,58,624 |



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

| | | |
|--------------------------|------------------|-----------------|
| Opening Provision | 6,58,624 | 7,200 |
| Additions/(reversal) | 6,63,211 | 6,51,424 |
| Closing Provision | 13,21,835 | 6,58,624 |

3.7. Capital adequacy ratio

The Company's capital adequacy ratio consisting of Tier I and Tier II capital is not less than 15% of its aggregate risk weighted assets and the total of Tier II capital is not exceeding 100% of its Tier I capital during the year at any point.

3.8. Qualifying assets

The Company has maintained the qualifying asset percentage as at 31 March 2020, as specified in the RBI Master Circular- Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) - Directions RBI/2015-16/49 DNBR (PD) CC. No 047/03.10.119/2015-16 dated 1st July 2015.

| Particulars | Amount in ₹ | |
|--------------------------------------|---------------------|---------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Qualifying assets | 8,47,70,030 | 6,58,17,065 |
| Net assets | 9,09,02,390 | 6,74,61,617 |
| % of Qualifying assets to net assets | 93.25% | 97.56% |

3.9. Information on Net Interest Margin for the year ended March 31, 2020:

| | | |
|--|---|--------|
| a) Average Lending rate | - | 23.65% |
| b) Average effective cost of borrowing | - | 12.71% |
| c) Net Interest margin (a-b) | - | 10.94% |

The Company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master direction issued by Reserve Bank of India no. DNBR.PD. 008/03.10119/2016-17.5.

3.10. Value of imports calculated on C.I.F basis by the company during the year in respect of -

- i. Raw materials - ₹ Nil (₹Nil)
- ii. Capital goods - ₹ Nil (₹Nil)

3.11. Earnings in foreign currency - ₹Nil (₹Nil)

3.12. Expenditure in foreign currency - ₹Nil (₹Nil)

3.13. Due to Micro Small and Medium Enterprises



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2020 has been made in the financial statements based on information received and available with the company and the same has been relied upon by the auditors. The Company has not received any claim for interest from supplier under the said Act. In the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the aforesaid Act is not expected to be material

(in ₹)

| Particulars | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|---|--|--|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year | Nil | Nil |
| The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year | Nil | Nil |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act | Nil | Nil |
| The amount of interest accrued and remaining unpaid at the end of the year | Nil | Nil |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance of a deductible expenditure under section 23 of the Act. | Nil | Nil |

- 3.14.** The Novel Corona (COVID-19) pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility in global and Indian markets, and a significant decrease in economic activity. On March 24, 2020, the Government of India announced a nation-wide lockdown till April 14, 2020, which was extended till May 31, 2020 through subsequent announcements, to contain the spread of the virus. This has led to significant disruptions and dislocations for individuals and business, impacting Company's regular operations including lending and collection activities to inability of the employees to



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

physically reach borrowers. However, the Company has major proportion of its borrowers and AUM in rural geographies, where the impact of COVID-19 has been relatively lower and the government has announced a series of economic relief measures for rural India, which is expected to support rural borrower's repayment capacity. From 1st June onwards, further relaxations in lock down has been granted across the State, which has helped the Company employees to contact the borrowers.

- 3.15.** Further, pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with directions of the Board. In management's view, providing moratorium to borrowers at a large scale based on RBI directives, by itself is not considered to result in a significant increase in credit risk for such borrowers. Accordingly, considering the unique and widespread impact of COVID-19 pandemic, the Company has estimated and provided additional provision of 0.5% on total outstanding loans over and above the regulatory requirement, based on information available at this point in time to reflect, among other things, the deterioration in the macro-economic factors. Given the dynamic nature of the pandemic situation, these estimates are based on early indicators, subject to uncertainty and may be affected by the severity and duration of the pandemic and the actual impact of the pandemic, including governmental and regulatory measures, on the business and financial metrics of the Company (including additional provisions) could be different from that estimated by the Company.
- 3.16.** In view of the matters mentioned in Notes 3.14 & 3.15 above, the Company has assessed the impact of COVID-19 pandemic on its liquidity and ability to fulfill its obligations as and when they are due and have evaluated the asset-liability (ALM) pattern in various time buckets. Pursuant to the order issued by the Ministry of Home Affairs on April 15, 2020 allowing microfinance companies to start operations, the Company resumed operations, by complying with the regulatory guidelines on businesses, social distancing etc. Our employees were able to meet and collect instalments from those borrowers willing to repay. Due to minimal impact of the lockdown on them as observed since the resumption of operations, the management is confident that collections will continue to improve, albeit likely to be at a lower level than earlier. In addition, if the need arise, the management may consider various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC-MFI, and seek extension of moratorium and other financial support from other banks and financial institutions. Based on the foregoing, the management is confident that the Company will be able to fulfill its obligations as and when these become due in the foreseeable future.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

- 3.17. Previous period' figures have been regrouped & reclassified to conform to the current year's classification.

For Sundar Srin & Sridhar
Chartered Accountants

Firm Registration Number: 0042015



S. Sridhar
Partner

Membership Number: 025504



For and on behalf of the Board of Directors



Eswaran Natesa Sastry
Managing Director
DIN: 03519077



Ramakrishnan Natarajan
Director
DIN: 07812007

Place: Chennai

Date: July 18, 2020