

Vivardhana Microfinance Limited
Balance Sheet as at 31 March 2021

Particulars	Note	Amount in ₹	
		31 March 2021	31 March 2020
Equity and Liabilities			
Shareholders' funds			
Share capital	2.1	5,00,00,000	5,00,00,000
Reserves and surplus	2.2	1,70,30,035	1,04,80,338
Non current liabilities			
Long term borrowings	2.3	1,88,33,000	1,79,83,490
Long term provisions	2.4	2,29,853	1,08,732
Current liabilities			
Trade Payables			
(A) Total outstanding dues of micro enterprises & small enterprises (Refer note 3.15)		1,15,668	1,03,500
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,35,902	92,819
Other current liabilities	2.5	3,14,75,228	1,52,60,670
Short term provisions	2.6	25,87,452	14,37,219
Total		12,04,07,138	9,54,66,768
Assets			
Non-current assets			
Property, Plant and Equipment			
Tangible assets (net)	2.7	1,83,615	1,49,991
Deferred tax assets (net)	2.8	4,68,980	2,69,605
Long term receivables under financing activities	2.9(a)	3,36,74,665	2,67,83,310
Long term loans and advances	2.10	9,05,260	7,98,199
		3,52,32,520	2,80,01,105
Current assets			
Cash and bank balances	2.11	1,00,30,502	45,64,378
Short term receivables under financing activities	2.9 (b)	7,34,46,791	6,13,39,028
Short term loans & advances	2.12	1,49,605	1,78,962
Other current assets	2.13	15,47,720	13,83,295
		8,51,74,618	6,74,65,663
		12,04,07,138	9,54,66,768
See accompanying notes forming part of the financial statements	1, 2 & 3		

In terms of our report attached

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


S. Sridhar
Partner

Membership Number: 025504

Place: Chennai

Date: August 21, 2021



For and on behalf of the Board of Directors


Eswaran Natesa Sastry
Managing Director
DIN: 03519077



Ramakrishnan Natarajan
Director
DIN: 07812007

Vivardhana Microfinance Limited
Statement of Profit and Loss for the year ended 31 March 2021

Particulars	Note	Amount in ₹	
		31 March 2021	31 March 2020
Income			
Revenue from operations	2.14	2,32,34,293	1,89,63,690
Other income	2.15	2,77,532	76,895
Total revenue		2,35,11,825	1,90,40,585
Expenses			
Employee benefits expense	2.16	37,95,801	37,53,814
Finance Costs	2.17	49,32,406	26,95,646
Provisions and write-offs	2.18	22,31,458	6,63,211
Depreciation	2.7	72,333	74,074
Other expenses	2.19	35,28,645	39,43,027
Total expenses		1,45,60,643	1,11,29,772
Profit before tax		89,51,182	79,10,813
Tax expense:			
Current tax		24,51,000	18,86,000
Deferred tax charge/ (credit)		(1,99,375)	(47,420)
Short/(Excess) provision for Income Tax		1,49,860	(395)
Net Profit after tax for the year		65,49,697	60,72,628
Earnings per equity share:			
Basic (in ₹)		1.31	1.21
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 Sridhar & Sridhar
Chartered Accountants
Firm Registration Number:0042015


S. Sridhar
Partner

Membership Number: 025504

Place: Chennai
Date: August 21,2021



For and on behalf of the Board of Directors


Eswaran Natesa Sastry
Managing Director
DIN: 03519077


Ramakrishnan Natarajan
Director
DIN: 07812007

Vivardhana Microfinance Limited
Cash Flow Statement for the year ended 31 March 2021

Particulars	Amount in ₹	
	31 March 2021	31 March 2020
A) Cash Flow From Operating Activities		
Net profit before tax	89,51,182	79,10,813
Adjustments for		
Depreciation	72,333	74,074
Provisions against standard and restructured loans	12,62,811	3,26,546
Provisions on sub-standard loans	-	3,36,665
Write-off of NPA	9,68,647	-
Operating profits before working capital adjustments	1,12,54,973	86,48,098
Working capital adjustments		
(Increase)/Decrease in receivables under financing activity	(1,99,67,764)	(2,22,59,927)
(Increase)/Decrease in loans and advances	1,10,636	(4,84,542)
(Increase)/Decrease in other assets	(1,64,425)	(3,74,601)
Increase/ (Decrease) in trade payable	55,251	(2,21,476)
Increase/ (Decrease) in provisions and other liabilities	(3,14,748)	8,68,722
Net cash from operating activities	(90,26,077)	(1,38,23,726)
Direct taxes paid (including TDS credits)	(27,89,200)	(22,33,962)
Net Cash From/(Used In) Operating Activities	(1,18,15,278)	(1,60,57,688)
B) Cash Flow From Investing Activities		
Purchase of property, plant and equipment	(1,05,958)	-
Movements in bank balances not considered as cash and cash equivalents	(16,32,468)	(35,51,883)
Net Cash From / (Used In) Investing Activities	(17,38,426)	(35,51,883)
C) Cash Flow From Financing Activities		
Proceeds from issue of secured non-convertible debentures	1,30,00,000	1,03,00,000
Proceeds from long-term borrowings from banks	2,80,00,000	98,08,088
Redemption of secured non-convertible debentures	(93,00,000)	-
Repayment of long-term borrowings from banks	(1,43,12,641)	-
Net Cash From/(Used In) Financing Activities	1,73,87,359	2,01,08,088
Net Increase/(Decrease) In Cash And Cash Equivalents	38,33,655	4,98,517
Cash and cash equivalents at the beginning of the year	10,12,495	5,13,978
Cash and cash equivalents at the end of the year	48,46,151	10,12,495
Add: Held in margin money accounts	51,84,351	35,51,883
Cash and bank balances as per Balance Sheet (Note 2.11)	1,00,30,502	45,64,378

See accompanying notes forming part of the financial statements

In terms of our report attached

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


S. Sridhar
Partner
Membership Number: 025504

Place: Chennai
Date: August 21, 2021

For and on behalf of the Board of Directors


Eswaran Natesa Sastry
Managing Director
DIN: 03519077


Ramakrishnan Natarajan
Director
DIN: 07812007



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Business overview

Vivardhana Microfinance Limited ("the Company") is a public limited company 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 domiciled in India and its registered office is situated at Flat no. E-7, Shanthi Apartments, Door no. 4 Appu Mudali Street, Mylapore, Chennai -600004

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:



Notes forming part of the Financial Statements for the year ended March 31, 2021

- 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
- 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 / amortization and impairment losses, if any. The cost of property, plant and equipment 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 property, plant and equipment 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:

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.

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 property, plant and equipment 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.

Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

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

b) Defined contribution plans

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, 2021

- c) For the year ended 31.3.2021, 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 (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 2021		As at 31 March 2020	
	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 2021	As at 31 March 2020
	₹	₹
Statutory reserves		
Opening Balance	20,96,068	8,81,542
Add: Transfer during the year	13,09,939	12,14,526
Closing balance (A)	34,06,007	20,96,068
Surplus in statement of profit and loss		
Opening Balance	83,84,270	35,26,168
Add: Net profit after tax transferred from statement of profit & loss	65,49,697	60,72,628
Less: Amount transferred to statutory reserves	(13,09,939)	(12,14,526)
Closing balance (B)	1,36,24,028	83,84,270
Balance carried to balance sheet (A+B)	1,70,30,035	1,04,80,338

Pursuant to the provisions of Section 45(IC) of Reserve Bank of India Act, 1934, the Company has transferred ₹13, 09,939 (₹12, 14,526) towards Statutory Reserve Fund.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.3

Long term Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Secured loans		
Non convertible debentures (Refer note below)	1,30,00,000	1,24,00,000
Term loans from Banks (Refer note below)	58,33,000	55,83,490
	1,88,33,000	1,79,83,490

Non-convertible debentures

Particulars	Security	Rate of Interest	Terms of Repayment	As at 31 March 2021	As at 31 March 2020
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



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

<p>Series II - 128 (PY - 128) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each</p>	<p>Secured by way of hypothecation of book debts</p>	<p>In the range of 11.50% to 12.25% p.a</p>	<p>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.</p>	<p>64,00,000</p>	<p>64,00,000</p>
<p>Series III - 120 (PY - 120) Secured, unrated, unlisted, redeemable, transferable, non-convertible debentures of face value of ₹50,000/- each</p>	<p>Secured by way of hypothecation of book debts</p>	<p>In the range of 11.50% to 12.25% p.a</p>	<p>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.</p>	<p>17,00,000</p>	<p>60,00,000</p>



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Series IV - 86 (PY - 86) 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	43,00,000
Series V - 150 (PY - NA) 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 9.50% to 10.25% p.a	Tenure - 24 Months Redeemable on Nov 24, 2022 The Company to redeem the debentures in full on maturity	75,00,000	-
Series IV - 110 (PY - NA) 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 9.75% to 10.25% p.a	Tenure - 24 Months Redeemable on Aug 25, 2022 The Company to redeem the debentures in full on maturity	55,00,000	-

Total

Less: Current maturities of debentures disclosed in 'Other current liabilities'

Total - Non current liability

2,54,00,000	2,17,00,000
1,24,00,000	93,00,000
1,30,00,000	1,24,00,000



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Borrowings from banks

CSB Bank - Sanctioned amount of Rs.1,00,00,000 (PY - Rs.1,00,00,000)	Secured by way of hypothecation of book debts with 1.25x cover of Standard assets	13.25% (One year MCLR plus 335 bps)	Tenure of 3 years with 36 EMI's Cash Margin - 15%	33,28,847	78,08,088
Indian Bank - Sanctioned amount of Rs. 2,00,00,000 (PY - Rs. 2,00,00,000)	Secured by way of hypothecation of book debts with 1.25x cover of Standard assets	12.00% (One year MCLR plus 375 bps)	Repayable in 24 equal monthly installments Cash Margin - 10%	1,10,00,000	20,00,000
CSB Bank - Sanctioned amount of Rs.1,00,00,000 (PY - NA)	Secured by way of hypothecation of book debts with 1.25x cover of Standard assets	13.00% (One year MCLR plus 350 bps)	Tenure of 3 years with 36 equal monthly instalments Cash Margin - 15%	91,66,600	-

Total				2,34,95,447	98,08,088
Less: Current maturities of long-term debt disclosed in 'Other current liabilities'				1,76,62,447	42,24,598
Total-Non Current Liability				58,33,000	55,83,490



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.4

Long term provisions

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Provision for employee benefits	2,29,853	1,08,732
	2,29,853	1,08,732

Note 2.5

Other current liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Statutory dues	52,303	82,510
Current maturities of debentures	1,24,00,000	93,00,000
Current maturities of long-term debt	1,76,62,447	42,24,598
Interest accrued but not due on debentures	4,45,057	6,80,206
Interest accrued but not due on term loans	1,20,840	7,233
Employee related liability	1,39,009	1,58,530
Others	6,55,572	8,07,593
	3,14,75,228	1,52,60,670

Note 2.6

Short term provisions

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Provision for receivables under financing activities	25,84,646	13,21,835
Provision for employee benefits	2,806	1,15,384
	25,87,452	14,37,219



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.7

Property, Plant and Equipment

Amount in ₹

S.No.	Particulars	Gross block				Accumulated depreciation				Net block	
		As at 1st April 2020	Additions	Deletions	As at 31st March 2021	As at 1st April 2020	Depreciation for the year	Deletions	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
	Tangible assets - Owned										
1	Furniture & Fixtures	83,462	-	-	83,462	15,114	7,929	-	23,043	60,419	68,348
2	Computers and its components	2,08,857	1,05,958	-	3,14,815	1,27,214	64,404	-	1,91,618	1,23,197	81,643
	Grand Total	2,92,319	1,05,958	-	3,98,277	1,42,328	72,333	-	2,14,661	1,83,615	1,49,991
	Previous period	2,92,319	-	-	2,92,319	68,254	74,074	-	1,42,328	1,49,991	2,24,065



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.8

Deferred tax asset/ (liability)

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
On preliminary expenses	26,572	48,312
On property plant and equipment	10,449	(2,203)
On provision for standard assets	3,38,418	1,35,947
On employee benefits	93,541	87,549
	4,68,980	2,69,605

Note 2.9

Receivables under financing activities

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Unsecured and considered good		
Microfinance loans	10,40,27,952	8,47,70,030
Business loans	30,93,505	33,52,308
	10,71,21,457	8,81,22,338
Of the above:		
a) Non-current (Refer Note 2.6 for Provision for Receivables under Financing Activities)	3,36,74,665	2,67,83,310
b) Current (Refer Note 2.6 for Provision for Receivables under Financing Activities)	7,34,46,791	6,13,39,028
	10,71,21,457	8,81,22,338



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.10

Long term loans & advances

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Unsecured, considered good		
Security Deposits	2,58,000	2,53,000
Staff Loans	30,650	1,16,929
Advance tax & TDS receivables (net of provision for income taxes of 24,51,000 (PY 18,86,000))	6,16,610	4,28,270
	9,05,260	7,98,199

Note 2.11

Cash and bank balances

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
A. Cash and cash equivalent		
Cash on hand	-	1,79,282
Balance with bank		
In current account	33,46,151	8,33,213
In deposit account	15,00,000	-
	48,46,151	10,12,495
B. Balances with banks to the extent held as margin money or security against the borrowings	51,84,351	35,51,883
	1,00,30,502	45,64,378

Note 2.12

Short term loans & advances

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Unsecured, considered good		
Staff loans	1,36,864	1,78,488
Duties and taxes receivable	12,741	474
	1,49,605	1,78,962



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.13

Other current assets

Particulars	As at 31 March 2021	As at 31 March 2020
	₹	₹
Interest accrued but not due on loan portfolio	10,99,382	12,11,174
Interest receivable from fixed deposits	7,519	9,929
Prepaid expense	71,111	-
Others	3,69,708	1,62,192
	15,47,720	13,83,295

Note 2.14

Revenue from operations

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Interest income	2,24,04,142	1,80,90,645
Loan processing fees	6,00,350	7,86,700
Other Operating Income	2,29,801	86,345
	2,32,34,293	1,89,63,690

Note 2.15

Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Interest on fixed deposits	2,77,532	76,895
	2,77,532	76,895



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.16

Employee benefits expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Salaries & allowances	36,64,517	35,63,180
Contribution to employee benefit funds	8,543	1,05,868
Staff welfare	1,22,741	84,766
	37,95,801	37,53,814

Note 2.17

Finance Costs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Interest on debentures	25,40,668	18,92,720
Interest on borrowings from banks	22,91,738	5,28,926
Other borrowing costs	1,00,000	2,74,000
	49,32,406	26,95,646

Note 2.18

Provisions and write offs

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Provisions against standard and restructured loans	12,62,811	3,26,546
Provisions on sub-standard loans	-	3,36,665
Write-off of NPAs	9,68,647	-
	22,31,458	6,63,211

Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

Note 2.19

Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
	₹	₹
Rent	3,72,000	3,72,000
Legal and professional charges	8,00,362	7,20,824
Consultant charges	6,09,000	7,86,000
Director sitting fees	1,40,000	1,40,000
Travelling expenses	4,54,209	5,51,592
Audit fees	1,25,000	1,15,000
Subscription and membership fees	58,688	2,73,414
Office maintenance	57,210	33,499
Rates and taxes	2,19,289	2,11,568
Information technology expenses	3,71,441	4,31,980
Others	3,21,446	3,07,150
	35,28,645	39,43,027



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

3.0. Other disclosure

3.1. Related party disclosure

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

i) Name of the Related Parties

Relationship	Name of the Party
Key Management Personnel (KMP)	Eswaran Natesa Sastry - Managing Director

ii) Related party transactions

Amount in ₹

Nature of Transaction	Key Managerial Personnel	
	2020-21	2019-20
a) Transactions during the year		
Remuneration	3,00,000	3,80,000

3.2. Earnings per share

Particulars	For the year ended 31.3.2021	For the year ended 31.3.2020
Profit/(Loss) available for Equity shareholders (in ₹)	65,49,697	60,72,628
Weighted Average No. of Shares	50,00,000	50,00,000
Earnings/(Loss) Per Share in ₹ (FV of ₹10) - Annualized	1.31	1.21

3.3. Contingent liabilities, capital and other commitments

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

3.4. Payment to auditors

Amount in ₹

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
For audit	1,25,000	1,15,000
For others	22,500	37,500
	1,47,500	1,52,500



3.5. Disclosure Details as required in terms of Paragraph 18 of Master Directions Non- Banking Financial Company – Non Systematically Important Non Deposit taking Company (Reserve Bank) Directions, 2016

Amount in ₹

Particulars			
Liabilities side		Amount outstanding as on 31 March 2021	Amount overdue as on 31 March 2021
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :		
	(a) Debentures : Secured	2,58,45,057	-
	: Unsecured (other than falling within the meaning of public deposits)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	2,36,16,287	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	-	-
	(g) Other Loans	-	-
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

		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		10,71,21,457

(v) Others	-
2. Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

(6)	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	-	10,45,36,810	10,45,36,810
Total	-	10,45,36,810	10,45,36,810

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties			
(a) Subsidiaries	-	-	
(b) Companies in the same group	-	-	
(c) Other related parties	-	-	
2. Other than related parties	-	-	
Total	-	-	
(8)	Other information		
	Particulars		Amount

(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

3.6. Restructuring of loans

During the year the Company has restructured the loans in accordance with the RBI circular RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020 as presented in below table:

	(A)	(B)
Type of borrower	Number of accounts where resolution plan has been implemented under this window	Exposure to accounts mentioned at (A) before implementation of the plan*
a) Personal loans	670	1,67,87,366
b) Business loans	1	28,549
Total	671	1,68,15,914

*Pursuant to RBI notification dated Aug 6, 2020, the management has created additional provision of 10% on the restructured loans

3.7. Provision For outstanding loan portfolio:

The provision for outstanding loan portfolio as at 31 March 2021 has been calculated higher of a) 1% 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 2021	As at 31 March 2020
Loans – Standard	9,03,05,542	8,77,25,845
Loans – Restructured	1,68,15,914	-
Loans - Non Performing Assets #	-	3,96,493
Total loans	10,71,21,457	8,81,22,338
Provision on loan		
10% on restructured loans	16,81,591	-
1%/1.5% on total loans (excluding restructured)	9,03,055	13,21,835
Total (B)	25,84,646	13,21,835

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 (B) or (C)	25,84,646	13,21,835
Opening Provision	13,21,835	6,58,624
Additions/(reversal) (net)	12,62,811	6,63,211
Closing Provision	25,84,646	13,21,835

3.7.1. Although there were fresh slippages aggregating to Rs. 6,05,100 during the year, the management has decided to write off the entire NPA s as on 31st March 2021.

3.7.2. The Management has provided additional provisioning of 10% on restructured loans, as per the RBI circular on 'resolution framework for Covid-19 related stress' dated August 6, 2020

3.7.3. For the year ended March 31, 2020, 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

3.8. Movement of NPA

Particulars	For the year ended	For the year ended
	31 March 2021	31 March 2020
	₹	₹
Opening NPA as per Books (Gross)	3,96,493	-
Additions during the year	6,05,100	3,96,493
Less: Recovery/adjustments during the year	(32,946)	-
Less: Reductions/write-off during the year	(9,68,647)	-
Closing NPA as per Books (Gross)	-	3,96,493
Opening NPA as per Books (Net)	59,828	-
Additions during the year	6,05,100	59,828
Less: Recovery during the year	(32,946)	-
Less: Reductions/write-off during the year	(6,31,982)	-
Closing NPA as per Books (Net)	-	59,828

3.9. 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.

3.10. Qualifying assets

The Company has maintained the qualifying asset percentage as at 31 March 2021, 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	As at 31 March 2021	As at 31 March 2020
Qualifying assets	10,35,87,886	8,47,70,030
Net assets	11,03,76,636	9,09,02,390
% of Qualifying assets to net assets	93.85%	93.25%

3.11. Information on Net Interest Margin and other ratios

Particulars	31 March 2021	31 March 2020
a) Average Lending Rate %	22.89%	23.65%
b) Average cost of Borrowings %	12.11%	12.71%
c) Net Interest Margin %	10.78%	10.94%
d) Return on Total Assets %	6.07%	7.43%
e) Current Ratio	2.48	3.99

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.S

3.12. 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)

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

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

3.15. Due to Micro Small and Medium Enterprises

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, 2021 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,

Notes forming part of the Financial Statements for the year ended March 31, 2021

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 2021	For the year ended 31st March 2020
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

3.16. The COVID-19 pandemic has continued to cause a significant disruption of the economic activities across the globe including India throughout the year, with second wave of the pandemic emerging towards the later part of the financial year in India. The Government of India announced a nation-wide lockdown to contain the spread of the virus and various state governments and local statutory authorities imposed restrictions on economic activities in different parts of the country which continued to impact Company's operations including lending and collection activities. Further, pursuant to the Reserve Bank of India ('RBI') COVID-19 Regulatory package issued vide circulars dated March 27, 2020 and May 23, 2020 which allowed lending institutions to offer moratorium to borrowers on payment of installments falling due between March 1, 2020 and August 31, 2020, and consequently the Company had offered a moratorium to its eligible borrowers until August 31, 2020, in accordance with its Board approved policy.

Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the year ended March 31, 2021

- 3.17.** In assessing the provisioning for loan portfolio, the Company has considered internal and external sources of information available including indicators of deterioration in the macro-economic factors. Further, the management has estimated the impact of the on-going second wave of the pandemic on its loan portfolio, based on reasonable and supportable information available till date and considering performance after the first wave, and has noted that the existing provisioning levels are adequate to cover any further delinquencies. Given the unique nature and scale of this pandemic, its full extent of impact on the Company's operations and financial metrics, more specifically on the borrower's ability to service their obligations on a timely basis, will depend on the severity and duration of the pandemic as well as on highly uncertain future developments including governmental and regulatory measures and the Company's responses thereto. Accordingly, the management's estimate of provisioning based on various variables and assumptions could result in actual credit loss being different than that being estimated.
- 3.18.** In view of the matters mentioned in Notes 3.16 & 3.17 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. The Company has considered its current liquidity position, expected inflows from various sources of borrowings and stimulus packages announced by the Government of India. Based on the foregoing, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The impact of the pandemic on the operations of the Company is significantly dependent on uncertain future economic conditions.
- 3.19.** Previous period' figures have been regrouped & reclassified to conform to the current year's classification.

For Sundar Sridhar & Sridhar

Chartered Accountants

Firm Registration Number: 0042015

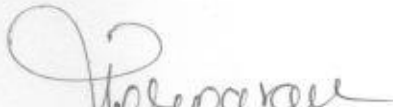


S. Sridhar

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: August 21, 2021

