MAGALIR MICRO CAPITAL PRIVATE LIMITED

8th ANNUAL REPORT

2022-23

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Corporate Information

(a) Board of Directors

Mr. F. Sadiq	Managing Director
Dr. C. R. Seena	Director
Mr. F. Seyad Rabbani	Director
Mr. N. Seyad Abdul Kareem	Director
Mr. R. Subramanian	Director
Mr. A. Ramanathan	Independent Director
Mr. V. Nagaraja	Independent Director

(b) Audit Committee

Mr. A. Ramanathan	Chairman
Mr. F. Seyad Rabbani	Member
Mr. R. Subramanian	Member
Mr. V. Nagaraja	Member

(c) Asset Liability Management Committee

Mr. F. Sadiq	Chairman
Mr. R. Subramanian	Member

(d) Risk Management Committee

Mr. F. Sadiq	Chairman
Mr. R. Subramanian	Member

(e) Borrowing Committee

Mr. F. Sadiq	Chairman
Mr. R. Subramanian	Member

(f) CSR Committee

Mr. F. Sadiq	Chairman
Dr. C. R. Seena	Member

Corporate Information

(g) Chief Managerial Persons

Mr. N. Sankaranainar	Head - Operations
Ms. M. Vijayakumari	Head - Accounts
Mr. A. P. R. Christmas	Regional Head
Mr. R. Saravanan	Regional Head
Mr. C. I. Nibin	Regional Head
Mr. P. Jamal Packeer	Regional Head
Mr. M. Sathesh Hariharan	Regional Head
Mr. B. Sakthivel Kumaran	AGM - Credit
Ms. K. Sivasankari	AGM - IT

(h) Registered office

No. 1D, 3rd Floor, Noor Sait Plaza
Near New Bus Stand, Thiruvananthapuram Road
Palayamkottai, Tirunelveli – 627002
Ph: 0462-4954954

(i) Auditors

V. Narayanan & Co.
No. 23, Sir CV Raman Road
Alwarpet, Chennai - 600018
Ph: 044-24995550

(j) Company Secretary

S. Neelakandan
122, Mada Street, Krishnancoil
Nagercoil, Kanyakumari - 629001
Ph: 04652-274019

(k) Secretarial Auditor

S.S. Vignesh
Company Secretary in Practice
No.2, Sath Sangam Road
S. S. Colony, Madurai -625010
Ph: 0452-4231299

(l) Trustees

Catalyst Trusteeship Limited
Windsor, 6th Floor, Office No.604
C.S.T. Road, Kalina, Santacruz (East)
Mumbai 400098; Ph: 022-49220555

(m) Other Information :

Corporate Identification Number	U65923TN2015PTC101965
RBI Registration Number	N-07.00820
Goods and Services Tax Registration Number	33AAJCM8951C1ZG/32AAJCM8951C1ZI
LEI	9845008B1GCB8B91D769
Self-Regulatory Organisation	Sa-Dhan (Membership No. 343)
Email	mmc@magalir.net
Website	www.magalir.net

Board of Directors


Mr. F. Sadiq


Mr. F. Seyad Rabbani


Mr. N. Seyad Abdul Kareem


Dr. C. R. Seena


Mr. R. Subramanian


Mr. A. Ramanathan


Mr. V. Nagaraja

Chief Managerial Persons

Mr. N. Sankaranainar

Ms. M. Vijayakumari

Mr. A. P. R. Christmas

Mr. R. Saravanan

Mr. C. I. Nibin

Mr. P. Jamal Packeer

Mr. M. Sathesh Hariharan

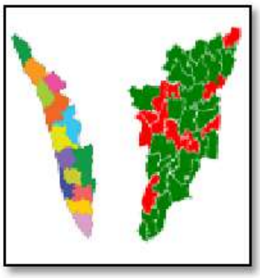
Mr. B. Sakthivel Kumaran

Ms. K. Sivasankari

Fact Sheet

Particulars	2020-21	2021-22	2022-23
(a) Gross Loan Disbursement (Rs in Crores)	645.96	810.69	1036.91
(b) Current Year Disbursement (Rs in Crores)	177.47	164.73	226.22
(c) Assets under Management (Rs in Crores)	203.24	208.88	255.06
(d) No.of Customers	98327	90517	95584
(e) No.of Branches	98	104	107
(f) No.of Groups	17192	19610	23741
(g) No.of Districts	25	25	27
(h) No.of States	2	2	2
(i) Revenue (in crores)	46.64	46.43	51.71
(j) Net profit (in crores)	5.77	0.79	3.10
(k) PAT (in crores)	4.28	0.57	1.57
(l) Cost to Income ratio	60.31%	69.37%	67.54%
(m) Net Interest Income (in crores)	22.22	21.16	22.35
(n) CAR	24.06%	24.45%	25.05%
(o) Qualifying Assets	90.19%	88.14%	80.97%
(p) NNPA	0.39%	0.10%	1.86%
(q) Opex	7.30%	7.40%	7.86%
(r) NIM	8.19%	7.19%	7.30%

Operational Highlights



COMPANY AS A WHOLE					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
104	107	208.88	255.06	810.69	1036.91

DISTRICTS:

TIRUNELVELI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
8	4	15.93	12.65	133.39	142.85

TENKASI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
8	6	19.83	17.52	155.00	169.19

MADURAI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	5	2.40	9.09	16.65	25.74

KANYAKUMARI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
9	4	18.47	21.82	99.12	120.11

Operational Highlights

VIRUDHUNAGAR					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
5	5	8.27	9.70	36.31	44.89

THENI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
2	2	5.92	7.76	19.26	25.72

RAMANATHAPURAM					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
5	5	11.38	16.83	38.09	54.15

THANJAVUR					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
5	5	12.04	12.51	31.46	41.66

TUTICORIN					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
6	4	10.90	11.11	44.63	53.90

Operational Highlights

THIRUPATHUR					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
3	3	6.95	7.45	15.07	20.57

KRISHNAGIRI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
4	4	8.24	6.18	14.82	18.60

SIVAGANGAI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	2	2.29	3.27	8.74	11.97

THIRUVANANDAPURAM					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
11	9	22.58	25.77	66.14	88.71

KOLLAM					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
7	7	14.73	16.52	39.20	52.73

Operational Highlights

KOTTAYAM					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
6	6	5.76	11.26	14.52	26.41

ALAPPUZHA					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
3	1	5.04	5.70	9.50	15.01

PATHANAMTHITTA					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
3	2	5.47	4.86	10.39	14.87

DHARMAPURI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	1	2.38	2.10	4.70	6.16

DINDIGUL					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
5	6	10.58	19.79	17.58	36.25

Operational Highlights

MAYILADUTHURAI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	1	1.74	2.23	3.37	5.54

PUDUKOTTAI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	6	2.20	3.19	4.06	6.81

THIRUVARUR					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
3	3	6.14	6.98	11.89	18.12

THRISSUR					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
3	3	3.00	4.12	4.72	8.76

THIRUCHIRAPALLI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
1	4	1.79	2.82	3.45	6.11

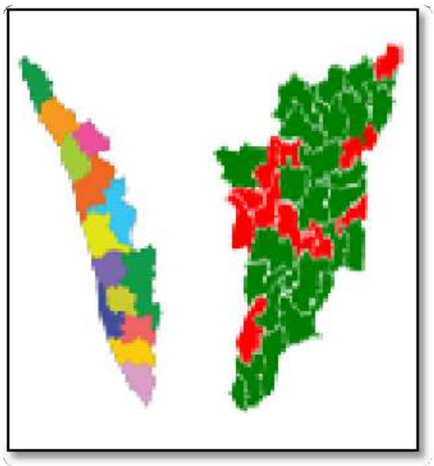
Operational Highlights

VELLORE					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
2	2	4.83	5.63	8.63	13.28

ERNAKULAM					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
-	3	-	2.09	-	2.54

CHENNAI					
Branches		GLP (Rs. in Crs.)		Disbursement (Rs. in Crs.)	
2021-22	2022-23	2021-22	2022-23	2021-22	2022-23
-	4	-	6.09	-	6.27

2 STATES



27 DISTRICTS

SUCCESS STORIES OF OUR HAPPY CUSTOMERS

There is no occasion for women to consider themselves subordinate or inferior to men

MAHATMA GANDHIJI

Mrs. Janani, Rajapalayam, Virudhunagar

I belong to Rajapalayam, live with my family. My children are studying in a matriculation school.

With a desire to improve the standard of living of my family, I decided to start a small tailoring unit and thus approached MMC for their JLG loan that has improved my earnings.

Thanks Magalir.

Mrs. Shanthi Peniston, Eral, Tuticorin

My husband is a fisherman and its very difficult for me to run a family and my daughters study with his seasoned income.

I thought to start a small tiffin center in my area and discussed the idea with my neighbour. She explained me about MMC and its JLG loan.

With a higher income I am managing my family well.

Mrs. Mariyammal, Sattankulam, Tirunelveli

In my village most of the people do the straw basket weaving at a household level and its good demand for these products.

With the aim to support my son and granddaughters education through additional income, I secured a loan from Magalir for buying the raw materials for this business and doing well now.

Thanks to Magalir for supporting me.

Mrs. Sasikala, Sasthamkotta, Kollam

We are in small village near Sasthamkotta of Kollam district. My husband is a daily labourer and no regular income for him. It was a must earn situation for me to run the family.

I approached MMC, for its JLG loan and bought couple of cows and selling milk to our nearby areas.

Now I am earning very decent income and running my family neatly and paying my dues promptly.

Mrs. Prigit Delphonse, Tiruchendur, Tuticorin

My husband is working in a shop and having a small fixed income which is not enough to take care of our children' higher education.

As we have a space in our home, I decided to engage myself in some income generating activities to support my husband. I took a loan from Magalir and started a small provisions store which is a needy one in our area.

My business is doing good and I am using this income for our children' education.

Mrs. Sivagami, Udumalpet, Sivagangai

We are jobless most of the time as we used to have some seasonal works only. It was very difficult even to run the day to day life.

I took a JLG loan from Magalir and started the business of preparing small eatery items like ginger candy and selling the same to retail and wholesale shops.

Now my income increases and able to run the family smoothly.

Mrs. Aswani, Kulasekaram, Kanyakumari

I have worked in a textile shop and taken care of all works of the shop. More over I have a passion in this field and wanted to open a shop in our area.

With my experience in running the textile shop, I started a small textile shop in my village and Magalir helped me a lot by giving a JLG loan of Rs. 40,000/- on time.

Now I am getting a regular income and taking care of my family and children education. Thank you Magalir.

Mrs. Angayarkani, Manamadurai, Ramnad

I am from the remote village of Manamadurai and my husband is jobless due to lay off in his factory.

To run the family, we had to earn and decided to start a sugarcane juice business as it has good demand in our areas.

Along with the neighbours, I took a loan from Magalir and started the business. It is going good and we earn decent income

I am thankful to the Magalir for making us self reliant.

Our Partners

NORTHERN ARC

sidbi

NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
NABARD

State Bank of India

इण्डियन ओवरसीज़ बैंक
Indian Overseas Bank
आपकी प्रगति का सच्चा साथी
Good people to grow with

AXIS BANK

TMB Tamilnad Mercantile Bank Ltd
Be a step ahead in life

IDBI BANK

CSB Bank

DhanlaxmiBank
established 1927

LVB is now DBS

यूनियन बैंक ऑफ इंडिया Union Bank of India

केनरा बैंक Canara Bank
सिंडिकेट Syndicate

बैंक ऑफ़ बड़ौदा
Bank of Baroda

HDFC BANK

JANA SMALL FINANCE BANK

Our Partners

kaleidofin

PROFECTUS CAPITAL

InCred
Borrow. With Confidence.

vivriti CAPITAL

HINDUJA LEYLAND FINANCE

ECLEAR LEASING & FINANCE PRIVATE LTD.
Money become easy....

Kissandhan

HeroFinCorp.

NABKISAN FINANCE LIMITED
A Subsidiary of NABARD

Seyad Shariat Finance Limited

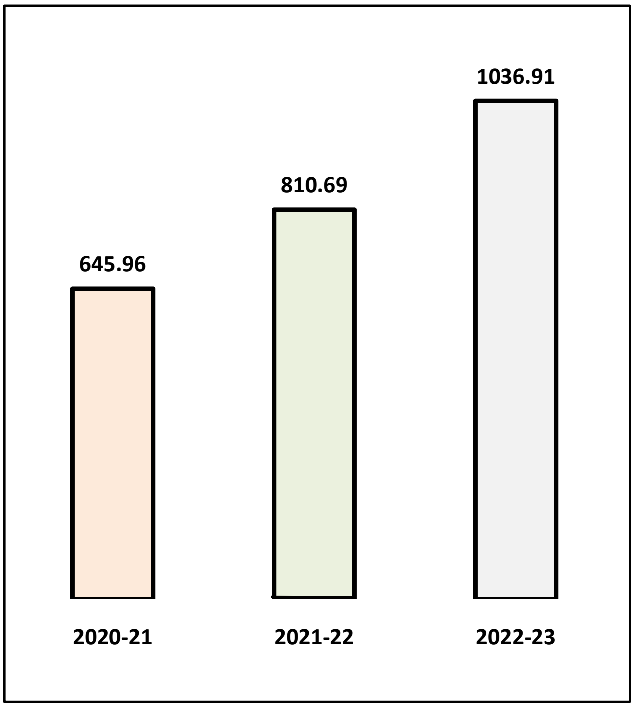
ICICI Bank

AROHAN
AAVISHKAAR GROUP

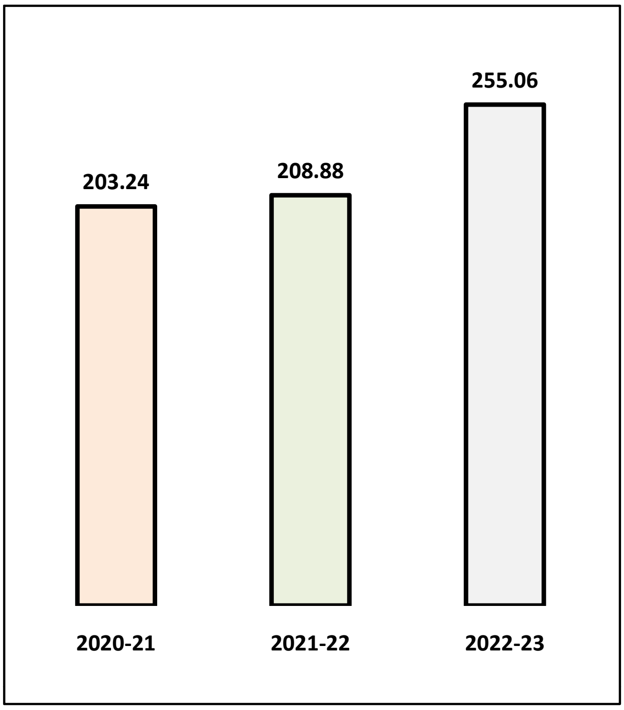
Chola
Enter a better life

WESTERN CAP

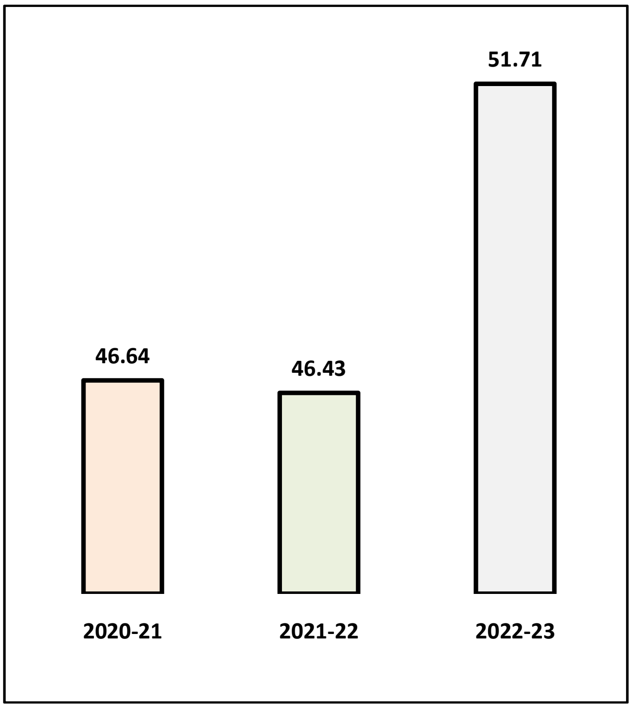
Performance Highlights



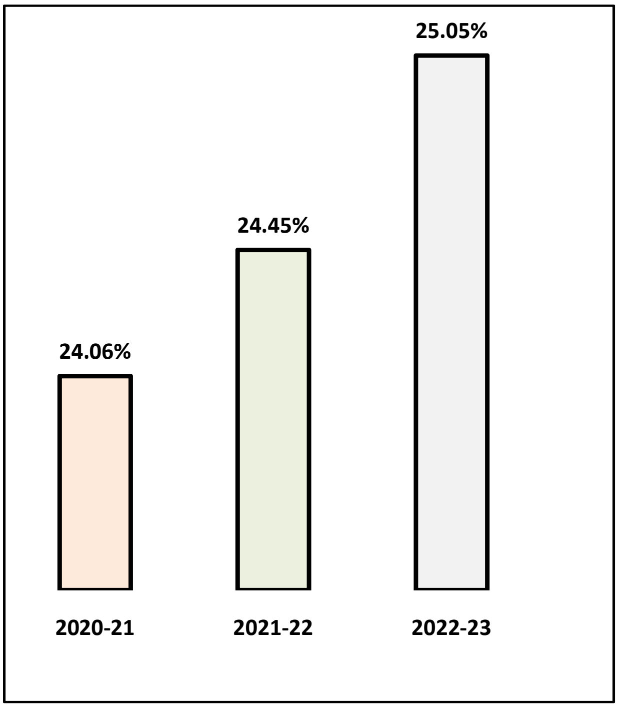
Cumulative Disbursements (in Cr)



AUM Growth (in Cr)



Revenue (in Cr)



CAR (in %)

MAGALIR MICRO CAPITAL PRIVATE LIMITED
CIN: U65923TN2015PTC101965
GST: 33AAJCM8951CIZG
GST: 32AAJCM8951C1ZI

Registered Office: No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002.
Email ID : mmc@magalir.net
Ph.No : 0462-4954954

Notice of Annual General Meeting

Notice is hereby given that the Eighth Annual General Meeting of the members of **Magalir Micro Capital Private Limited** will be held on Monday, 11th September 2023, at the Registered Office situated at No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli – 627002, at 11.00 A.M. to transact the following business.

I. ORDINARY BUSINESS: -

1. To receive, consider and adopt the Directors Report, the audited Balance Sheet as at March 31, 2023 and Profit and Loss Account for the year ended March 31, 2023 and the Auditor's Report thereon.

VOTE OF THANKS

Place: Tirunelveli
Date: 23/06/2023

By Order of the Board
M/s. Magalir Micro Capital Private Limited

NEELAKANTAN SUBRAMONIAN
Company Secretary

Notes:

1. A member entitled to attend and vote at this annual general meeting may appoint a proxy to attend and vote on his/her behalf, such a proxy need not be a member of the company;

2. Proxies, in order to be effective, must be received at the Registered office of the company not less than FortyEight hours before the commencement of the meeting;

3. Members are requested to affix their signatures at the space provided in the Attendance Slip annexed to Proxy Form. Members / Proxies / Authorised Representatives are requested to bring the Attendance Slips duly filled in for attending the meeting. Members are requested to write their Folio Number in the Attendance Slip for attending the meeting and handover the slip at the entrance of the meeting hall;

4. For convenience of the members, the company has also proposed a Video Conference facility to participate in the AGM from anywhere during the AGM. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act");

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available for inspection by the members during the AGM. All documents referred to in the Notice will also be available for inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 11, 2023;

6. Any query relating to the financial statements must be sent to the Company's Registered Office atleast 7 days before the date of AGM;

7. Members may also note that the Notice of the 8th AGM and the Annual Report 2022-23 will also be available on the Company's website, https://www.magalir.net.

Place: Tirunelveli
Date: 23/06/2023

By Order of the Board
M/s. Magalir Micro Capital Private Limited

NEELAKANTAN SUBRAMONIAN
Company Secretary

MAGALIR MICRO CAPITAL PRIVATE LIMITED
CIN: U65923TN2015PTC101965
Registered Office: No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002.

DIRECTORS' REPORT

Your Directors have pleasure in submitting their Eighth Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31stMarch 2023.

Financial Summary:

Particulars	As at the end of current reporting period (₹ in thousands)	As at the end of previous reporting period (₹ in thousands)
Total Revenue	5,17,131	4,64,328
Total Expenses	4,86,161	4,56,391
Profit or Loss before Tax	**30,970**	**7,938**
Less: Current Tax	10,742	2,933
Deferred Tax	4547	(709)
Profit or Loss After Tax	15,681	5,713
Add: Balance as per last Balance Sheet	**69,223**	**71,033**
Less: Transfer to Reserves	12,204	1,714
Less: Preference Dividend	6336	5,810
Balance Transferred to Balance Sheet	**66,364**	**69,222**

Operational Performance:

Particulars	As at 31 March 2023	As at 31 March 2022	% Increase over F.Y. 2022
Number of Branches	107	104	3%
Number of Members	95584	90517	6%
Amount Disbursed (In crores)	1036.91	810.69	28%
Portfolio outstanding (In crores)	255.06	208.88	22%
Revenue (In crores)	51.71	46.43	11%

Dividend:

Your Directors of the company feel that it is prudent to conserve resources for the future business growth of the company and hence, do not recommend any dividend on equity.

Grading:

IRR Advisory – IRR MFI 3

Credit Rating:

CARE have re-affirmed credit rating as BBB-

Capital Adequacy:

The Capital Adequacy Ratio of the Company stood at 25.05% as on 31st March 2023 against the RBI minimum requirement of 15%.

Business Overview and Future Prospects:

Your company achieved a cumulative gross disbursement of Rs. 1036.91 crores as on 31st March 2023 as compared to Rs. 810.69 crores as on 31st March 2022.

The Gross Loan Portfolio (GLP) has increased to Rs. 255.06 crores with its own book at Rs. 246.11 crores and the managed assets at Rs. 8.95 crores as compared to the GLP of Rs. 208.88 crores in the previous year. Profit Before Tax (PBT) stood at Rs. 3.10 crores for the year as compared to Rs. 0.79 crores in the last year.

The last couple of years have been extraordinary with challenges of an unprecedented scale to MFI industry. We have crossed the tough times and emerged better on the premise of our solid fundamentals and robust capabilities. Our core strengths of customer pivotal and quick adoption of evolving technology for seamless operations help us stay stronger. Our strategic initiatives in the last year resulted in reasonable growth in our loan book and enhanced customer experience. We are well placed to focus on the upcoming opportunities to achieve new milestones.

The new regulatory framework issued by RBI for microfinance institutions aims to bring regulatory parity among NBFC-MFIs and other players in this segment. Removal of caps on pricing by the regulator is the most sought-after change by the industry to gain higher market share while maintaining profitability for its business sustainability. This will also lead to complete transformation in the industry approach resulting in more new customer acquisitions and increase in ticket size based on the cash flow of the borrowers.

The immediate future goal assumed is to gear your entity for an aggressive growth at Gross Loan Portfolio level by aligning with the kind of market opportunities being offered in various geographies of our fast-growing economy. To achieve this, the planned strategy is to redefine our business model accommodating twin growth pathways of building our own book and managing the assets for others through collaboration with Banks/NBFCs by way of Business Correspondent (BC) and Co-Lending. With a new direction and rejuvenated approach, we are moving towards a stronger aspiration to take Magalir to the next level.

Directors:

During the Financial Year 2022-2023, there were no changes in the Board of Directors of the Company.

Number of Board Meetings conducted during the year under review:

The Company has conducted Four Board meetings during the financial year under review.

The Board meetings were held on 29/06/2022, 30/09/2022, 28/12/2022 & 29/03/2023.

Pursuant to Section 175 of The Companies Act, 2013, the Board of Directors of the Company has also passed the Circular Resolution on 25/11/2022 for approving the business transacted on the relevant date with the requisite approval and consent acquired from the Board of Directors of the Company in their subsequent board meeting held on 28/12/2022.

The time period between any two meetings was not more than 120 days. The details of attendance of the Directors for the year ended March 2023 are given below.

Name of the Directors	Number of Meetings	
	Held	Attended
Mr. F. Sadiq	4	4
Dr. C. R. Seena	4	4
Mr. F. Seyad Rabbani	4	3
Mr. N. Seyad Abdul Kareem	4	4
Mr. R. Subramanian	4	4
Mr. A. Ramanathan	4	4
Mr. V. Nagaraja	4	4

Statement on Declaration given by Independent Directors

All the Independent directors have given declarations to the effect that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 read with Schedules and Rules issued thereunder and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended).

Statement regarding the opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year:

The Board of Directors have evaluated the Independent Directors appointed during the year 2022-23 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory. During the year 2022-23, no new independent directors are appointed.

Material changes and commitment if any affecting the financial position:

There are no material changes and commitments affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the report.

Authorized Share Capital:

During the year 2022-23, the Authorized Capital of the Company has been re classified by way of cancellation of 30,00,000 Unissued Preference Shares of Rs. 10/- each aggregating to Rs. 3,00,00,000/- and reclassified them concurrently by creating 30,00,000 Equity Shares of Rs.10/- each aggregating to Rs.3,00,00,000/-, without altering the existing overall Authorized Share Capital of Rs. 45,00,00,000/- (Rupees Forty Five Crores).

The Authorized Share Capital of the Company stood at Rs. 45,00,00,000/- divided into 4,00,00,000 Equity Shares of Rs. 10/- each amounting to Rs. 40,00,00,000/- and 50,00,000 Preference Shares of Rs. 10/- each amounting to Rs. 5,00,00,000 as on 31st March 2023.

Paid Up Share Capital:

The paid up share capital as on 31st March 2023 was Rs. 43,87,00,000/-. During the year under review, the Company has allotted 1,00,00,000 number of fresh Equity Shares of Rs. 10/- each amounting to Rs.10,00,00,000/- on 25/11/2022 and has allotted 7,50,000 Preference Shares of Rs. 10/- each amounting to 75,00,000/- on 30/09/2022.

S. No	Date of Allotment	Type of share	No. of shares
1	30/09/2022	Preference	7,50,000
2	25/11/2022	Equity	1,00,00,000
	Total		**1,07,50,000**

Hence the paid-up capital of the company has been increased from Rs. 33,12,00,000/- to Rs. 43,87,00,000/-.

Directors Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

(a) In the preparation of the annual accounts, the applicable accounting standards, have been followed.

(b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit ~~and loss~~ of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis;

(e) The Company being unlisted, sub clause (e) of section 134(3) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Statutory Auditors:

M/s. V NARAYANAN & CO, Chartered Accountants, (Firm Registration no. 02398S), Chennai was appointed as Statutory Auditors for the FY 2022-2027 in the Annual General Meeting held on 10th September 2022 to hold the office for the period of 5 years from the conclusion of Seventh Annual General Meeting till the Conclusion of Twelfth Annual General Meeting of the Company on such Remuneration including out of Pocket Expenses and other expenses as may be mutually agreed by and between the Board of Directors and the Auditor.

M/s. V NARAYANAN & CO, Chartered Accountants (Firm Registration no. 02398S) have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013.

Changes in the Nature of Business of the Company, if any:

During the year under review, there has been no change in the nature of business of the Company.

Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the auditors in their reports:

There are no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report**.** The Company's financial resources, in the opinion of the Directors, are adequate to discharge the same as and when they arise.

Disclosure of Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed Mr.S.S. Vignesh, Practicing Company Secretary, Madurai to undertake the secretarial audit of the company for the financial year ended 31st March, 2023.

The Secretarial Audit report does not contain any qualification, observation or adverse comment. The Audit Report is enclosed in this report as "*Annexure II*".

Disclosure of Composition of Audit Committee and Providing Vigil Mechanism:

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company. However as per the guidelines issued by the Reserve Bank of India our Company constituted Audit Committee.

The Audit Committee met Four times during the Financial Year 2022-23. The meetings were held on 29/06/2022, 30/09/2022, 28/12/2022&29/03/2023.

Disclosure of Composition of ALM Committee:

The Committee comprises of two members - Mr. F. Sadiq, Chairman and Mr. R. Subramanian. The Committee met Four times during the Financial Year 2022-23. The meetings were held on 29/06/2022, 30/09/2022, 28/12/2022 & 29/03/2023.

Disclosure of Composition of Risk Management Committee:

The Committee comprises of two members - Mr. F. Sadiq, Chairman and Mr. R. Subramanian. The Committee met Four times during the Financial Year 2022-2023. The meetings were held on29/06/2022, 30/09/2022, 28/12/2022 & 29/03/2023.

Disclosure of Composition of Borrowing Committee:

The Committee comprises of two members - Mr. F. Sadiq, Chairman and Mr. R. Subramanian, Member. The Committee met Twelve times during the Financial Year 2022-23. The meetings were held on 27/08/2022, 14/09/2022, 23/09/2022, 26/09/2022, 29/09/2022, 20/10/2022, 05/11/2022, 29/12/2022, 30/01/2023, 06/02/2023, 24/03/2023& 27/03/2023.

Number of Extra Ordinary General Meetings conducted during the year:

Two (2) Extra Ordinary General Meetings were held on 25/04/2022 & 26/10/2022 during the period under report and complied with provisions of the Companies Act, 2013.

Disclosure of Composition of Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee duly met One time during the Financial Year 2022-23. The meeting was held on 29/06/2022.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

Conservation of energy and technology absorption:

Since the company does not own any manufacturing facility, the particulars relating conservation of energy and technology absorption are not applicable

The Foreign Exchange earnings and outgo:

The company neither had any foreign exchange earnings nor any such outgo during the year under review.

Details of Significant and Material Orders passed by the Regulators, Courts and Tribunals:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

Extract of Annual Return:

As per Companies (Management and Administration) Amendment Rules, 2021 dated 05/03/2021 a company shall not be required to attach the extract of the annual return with the Board's report in Form No. MGT 9, in case the web link of such annual return has been disclosed in the Board's report in accordance with sub-section (3) of Section 92 of the Companies Act, 2013. Hence the Annual Return of the Company for the Financial Year 2022-23 shall be placed in the Company's website https://www.magalir.net.

Corporate Social Responsibility:

Magalir has adopted the CSR initiates early when it was made mandatory by the companies, however during the financial year as per the Section 135 of the Companies Act, 2013 the company has required to form a CSR committee to monitor and spend the CSR fund, towards promoting the education, eradicating the hunger and promoting healthcare including preventive healthcare. On 23/07/2019 the CSR committee was formed and comprise of two members - Mr. F. Sadiq, Chairman and Dr. C. R. Seena.The annual report on our CSR activities is appended as "*Annexure III*" to the *Board's report.*

Internal Financial Controls:

The Board of Directors of the Company has adopted Policies and Procedures for ensuring orderly and efficient conduct of business including adherence of Company's policies, safe guarding of assets, prevention and detection of frauds, accuracy and completeness of accounting records and timely preparation of reliable Financial statements.

Particulars of Contracts or Arrangements made with Related Parties:

The details of contracts or arrangements made with related parties as defined under Section 188 of the Companies Act, 2013 during the year under review have been disclosed in AOC 2 Annexure to this Report in "*Annexure I*"

Deposits:

The company is registered with the RBI as non – deposit taking NBFC and your company has not accepted any deposit during the year under review.

Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

Particulars of Loans, Guarantees or Investments made under section 186 of The Companies Act, 2013:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable

Information required under sexual harassment of women at work place (Prevention, Prohibition & Redressal) Act, 2013:

The company is committed to providing and promoting a safe and healthy work environment. The company has in the place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. An internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. No complaints regarding sexual harassment have been received during the financial year.

Risk management policy of the company:

The main objective of Risk Management is reduction and avoidance of risk and also to help the Company to identify and mitigate the risks of the business. As per Guidelines on corporate governance issued by the Reserve Bank of India our Company constituted a Risk Management Committee and framed a Policy.

Particulars of Employees:

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no employee receiving Rs. 102 lakhs per annum or Rs. 8.50 lakhs per month during the year.

Human Resources:

Your Company treats its "Human Resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

Shares:

During the year under review, the company has undertaken following transactions:

Increase in Paid up Share Capital	Buy Back of Securities	Sweat Equity	Bonus Shares	Employees Stock Option Plan
1,00,00,000 – Equity Shares 7,50,000 – Preference Shares	Nil	Nil	Nil	Nil

1. The Authorized Share Capital of the Company has been reclassified during the year under review.
2. The Company has not bought back any of its securities during the year under review
3. The Company has not issued any Sweat Equity Shares during the year under review
4. No bonus shares were issued during the year under review
5. The company has not provided any Stock Option Scheme to the employees.

Cost Audit:

The cost audit report as per the guidelines specified in the Companies Act, 2013 and any other Act or legislation and hence maintenance of cost records is not applicable to our company.

Transfer of Amounts to Investor Education and Protection Fund:

The Company has declared and paid the dividend and the transfer of unpaid / unclaimed dividend / other amounts as applicable to the Investor Education and Protection Fund in accordance with section 125 of the Act during the year is not applicable to the company.

Statement on Compliance with Secretarial Standards:

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such system are adequate and operating effectively. The Company has duly complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Meeting of the Board of Directors (SS-1) and General Meeting (SS-2).

Details of Application made or any proceeding pending under IBC, 2016:

During the year under review, there were no applications made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016.

Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions:

During the year under review, there has been no one time settlements of loans taken from Banks or Financial Institutions.

Adoption of Audit Trail:

The company has implemented the audit trail as mandated by the Ministry of Corporate Affairs with effect from 01st April, 2023.

Acknowledgements:

Your Directors place on record their sincere thanks to the employees, bankers, business associates, consultants and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

Place: Tirunelveli
Date: 23/06/2023

For and behalf of the Board of Directors
M/s. Magalir Micro Capital Private Limited

FATHURABBANI SADIQ
Managing Director
(DIN: 00682761)

SEENA CHEPPALA RAJAN
Director
(DIN: 07244374)

NEELAKANTAN SUBRAMONIAN
Company Secretary

ANNEXURE - I

FORM NO. AOC-2

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act including certain arms length transactions under third proviso thereto.

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

S. No.		Particulars	Details
1.		Details of contracts or arrangements or transactions not at arm's length basis	
	(a)	Name(s) of the related party and nature of relationship	NA
	(b)	Nature of contracts / arrangements / transactions	
	(c)	Duration of the contracts / arrangements / transactions	
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
	(e)	Justification for entering into such contracts or arrangements of transactions	
	(f)	Date(s) of approval by the Board	
	(g)	Amount paid as advances, if any	
	(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188.	
2.		Details of material contracts or arrangement or transactions at arm's length basis	
I	(a)	Names(s) of the related party and nature of relationship	Mr. F. Sadiq, Dr. C. R. Seena, Mr. F. Seyad Rabbani, Mr. T.E.S. Seyad Naina Mohammed, Mr. N. Seyad Abdul Kareem, M/s. Seyad Home Industries Private Limited & Mr. Seyad Nawaz
	(b)	Nature of contracts / arrangements / transactions	Unsecured Loan
	(c)	Duration of the contracts / arrangements / transactions	60 months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Perpetual
	(e)	Date(s) of approval by the Board, if any	At various dates
	(f)	Amount paid as advances, if any	NA
II	(a)	Names(s) of the related party and nature of relationship	Magalir Finserv Private Limited and Fathimuthu Amma Mills Private Limited/ Common Directors
	(b)	Nature of contracts / arrangements / transactions	Inter Corporate Loan
	(c)	Duration of the contracts / arrangements / transactions	60 months / Temporary Loan
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Perpetual
	(e)	Date(s) of approval by the Board, if any	16/10/2019
	(f)	Amount paid as advances, if any	NA

III	(a)	Names(s) of the related party and nature of relationship	Seyad Shariat Finance Limited/ Common Director
	(b)	Nature of contracts / arrangements / transactions	Term Loan
	(c)	Duration of the contracts / arrangements / transactions	24 Months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Hypothecation Agreement entered for Value of Rs.5,00,00,000
	(e)	Date(s) of approval by the Board, if any	Borrowing Committee Date – 29/09/2020
	(f)	Amount paid as advances, if any	NA
IV	(a)	Names(s) of the related party and nature of relationship	Seyad Shariat Finance Limited/ Common Director
	(b)	Nature of contracts / arrangements / transactions	Vehicle Loan
	(c)	Duration of the contracts / arrangements / transactions	36 Months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Hypothecation Agreement entered for Value of Rs.11,19,786
	(e)	Date(s) of approval by the Board, if any	Borrowing Committee Date – 12/03/2021
	(f)	Amount paid as advances, if any	NA
V	(a)	Names(s) of the related party and nature of relationship	Seyad Shariat Finance Limited/ Common Director
	(b)	Nature of contracts / arrangements / transactions	Term Loan
	(c)	Duration of the contracts / arrangements / transactions	24 Months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Hypothecation Agreement entered for Value of Rs.2,50,00,000
	(e)	Date(s) of approval by the Board, if any	Borrowing Committee Date – 14/10/2021
	(f)	Amount paid as advances, if any	NA
VI	(a)	Names(s) of the related party and nature of relationship	Seyad Shariat Finance Limited/ Common Director
	(b)	Nature of contracts / arrangements / transactions	Vehicle Loan
	(c)	Duration of the contracts / arrangements / transactions	36 Months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Hypothecation Agreement entered for Value of Rs.11,43,332
	(e)	Date(s) of approval by the Board, if any	Borrowing Committee Date – 11/11/2021
	(f)	Amount paid as advances, if any	NA
VII	(a)	Names(s) of the related party and nature of relationship	Seyad Shariat Finance Limited/ Common Director
	(b)	Nature of contracts / arrangements / transactions	Term Loan
	(c)	Duration of the contracts / arrangements / transactions	24 Months
	(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Hypothecation Agreement entered for Value of Rs.3,50,00,000
	(e)	Date(s) of approval by the Board, if any	Borrowing Committee Date – 05/11/2022
	(f)	Amount paid as advances, if any	NA

ANNEXURE – II

Form No. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
MAGALIR MICRO CAPITAL PRIVATE LIMITED
No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand,
Thiruvananthapuram Road, Palayamkottai,
Tirunelveli - 627002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. MAGALIR MICRO CAPITAL PRIVATE LIMITED**, registered under Companies Act, 2013 and registered as NBFC-MFI under Section 45IA of the Reserve Bank of India, 1934 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - **Not applicable during the audit period.**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; - **Applicable to the extent of issue of NCD in demat mode.**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - **Not applicable during the audit period.**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - **Not applicable during the audit period.**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May 2015) and Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (with effect from 15th May 2015); - **Not applicable during the audit period.**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not applicable during the audit period**

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (with effect from 28th October 2014); - **Not applicable during the audit period**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - **Not applicable during the audit period**

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; - **Not applicable during the audit period**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable during the audit period and**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **Not applicable during the audit period**

(vi) Following other laws applicable specifically to the company:

a) All the Rules, Regulations, Directions, Guidelines and Circulars issued by the Reserve Bank of India applicable to Non-Deposit Accepting Non Banking Financial Companies – Micro Finance Institution which are specifically applicable to the Company.
b) Credit Information Companies (Regulation) Act, 2005 and Rules.
c) Prevention of Money Laundering Act, 2002
d) The Payment of Wages Act, 1936
e) The Minimum Wages Act, 1948
f) The Employee Provident Fund and Miscellaneous Provisions Act, 1952
g) The Employees State Insurance Act, 1948
h) The Payment of Bonus Act, 1965
i) The Payment of Gratuity Act, 1972
j) The Contract Labour (Regulation and Abolition) Act, 1970
k) The Shops and Establishments Act, 1948
l) The Employees Compensation Act, 1923
m) The Equal Remuneration Act, 1976
n) The Maternity Benefit Act, 1961
o) The Income Tax Act, 1961
p) Contract Act, 1872
q) Goods and Service Tax Act, 2017
r) Central and State Stamp Acts

s) Consumer Protection Act, 1996
t) Trade Mark Act, 1999
u) Micro, Small and Medium enterprises and Development Act
v) Information Technology Act, 2000
w) Apprentices Act, 1961
x) Child Labour (Prohibition and Regulation) Act, 1986
y) Sexual Harassment of women at workplace (prevention, prohibition and redressal) Act, 2013.
z) Benami Transactions (Prohibition) Act, 1988.
aa) Arbitration and Conciliation Act, 1996.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (made mandatory with effect from 1st July 2015)

(ii) The Listing Agreements entered into by the Company with BSE Limited pursuant to the provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. – **Not applicable during the audit period.**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

- The Board of Directors of the Company is duly constituted with Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors that took place during the period under review.

- Adequate notice is given to all directors to schedule the Board Meetings and committee meetings, their agenda and detailed notes on agenda were sent, at least seven days before the meeting and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All decision at Board Meetings and Committee Meetings are carried unanimously as recorded in the minutes of the Meetings of the Board of Directors or Committee of the Board, as the case may be.

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

On the basis of information provided to me, I further report that during the audit period there were no events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

On the basis of information provided to me, I further report the company has during the audit period ending on March 31, 2023:

- Reclassification of the Authorised Capital of the Company (conversion of 30,00,000 (Thirty Lakh) unissued preference shares of Rs.10/- to 30,00,000 (Thirty Lakh) equity shares of Rs.10/- each and as well as amendment of Clause V of the Memorandum of Association.
- Issued 150 Non-Convertible Debentures having face value of Rs. 10,00,000/- each amounting to Rs. 15,00,00,000 (Fifteen Crore) through private placement.

- Extension of redemption term of Preference Shares further period of 5 years.
- Issued 7,50,000 (Seven Lakh Fifty Thousand) Preference Shares of Rs.10/- each through Private Placement.
- Issued 1,00,00,000 (One Crore) Equity share of Rs.10/- each through Rights basis.

This Report is to be read along with Annexure A of even date which forms integral part of this Report.

Place: Madurai
Date: 06th June, 2023

(S S VIGNESH)
Company Secretary in Practice
FCS 11087; CP 11620
Peer Review Certificate No. 2648/2022
UDIN: F011087E000459810

ANNEXURE – A

To,

The Members,
MAGALIR MICRO CAPITAL PRIVATE LIMITED
No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand,
Thiruvananthapuram Road, Palayamkottai,
Tirunelveli - 627002.

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

a. Maintenance of secretarial and other records is the responsibility of the management of the Company. My responsibility is to express an opinion on the relevant records based on my audit.

b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the relevant records and compliances. The verification was done on test basis to verify that correct facts are reflected in secretarial and other relevant records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.

c. I have not verified the correctness and appropriateness of financial and tax records and books of accounts of the Company.

d. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of the procedures on test/sample basis.

The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Madurai
Date: 06th June, 2023

(S S VIGNESH)
Company Secretary in Practice
FCS 11087; CP 11620
Peer Review Certificate No. 2648/2022
UDIN: F011087E000459810

ANNEXURE - III

Annual Report on CSR activities for the financial year ended 31st March 2023

1. **Brief Outline on CSR Policy of the Company:**

The key purpose of this policy is to declare "CSR activity as good for society and good for business" and the idea of "GIVING BACK THE SOCIETY ON WHAT IT HAS ACQUIRED FROM IT" and we intend to provide a sustainable development through:

Build a society which provides equal access to opportunities negates disparities and, is a collective responsibility.

Before the mandatory CSR expenditure as per Section 135 of the Companies Act, 2013, we have already engaged with ourselves towards the CSR Commitment by way of

- Providing education, books, bags, notebooks, pen, pencil and other writing material to the school children and making them enthusiastic on learning.
- Providing Medical Ailment and conducting healthcare programmes.

MAGALIR is committed towards the social development through CSR activities. The CSR committee will identify the projects which are very needy for the poor for their education and development activities. Further, Magalir will also help the people to eradicate the hunger by providing the food to the needy one.

2. **Composition of CSR Committee:**

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. F. Sadiq	Managing Director	1	1
2	Dr. C. R. Seena	Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.
   https://www.magalir.net

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-offfrom preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1.	2021-22	13,829	13,829
2			
3			
	Total	**13,829**	**13,829**

6. Average net profit of the company as per section 135 (5). – Rs. 4,65,48,044/-

7. (a) Two percent of average net profit of the company as per section 135 (5) – Rs. 9,30,961/-

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil

   (c) Amount required to be set off for the financial year, if any – Rs. 13,829/-

   (d) Total CSR obligation for the financial year (7a+7b-7c). - Rs. 9,17,131/-

8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135 (6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135 (5)		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer
Rs. 9,37,119/-	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year:- Nil

1	2	3	4	5		6	7	8	9	10	11	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in Rs.)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency	
				State	District						Name	CSR Registration number
1												
2												
	Total											

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item fromthe list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation Direct (Yes/ No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration number
1.	Promoting Education	Promoting education including special education	No	Tamilnadu	Tirunelveli	7,12,119/-	Yes	-	-
2.	Provided food to the devotees	Eradicating Hunger	No	Tamilnadu	Tirunelveli	2,25,000/-	Yes	-	-
				TOTAL		**9,37,119/-**			

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable – Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs. 9,37,119/-

(g) Excess amount for set off, if any – Rs. 19,987/-

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs)	Date of transfer	
1.	2021-2022	-	-	-	-	-	-
2.	2020-2021	2,50,700/-	2,50,700/-	-	-	-	-
3.	2019-2020	NA	NA	-	-	-	-
	TOTAL		**2,50,700**				

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): - Nil

1	2	3	4	5	6	7	8	9
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (inRs)	Cumulative amount spent at the end of reporting Financial Year (in Rs.)	Status of the project - Completed / Ongoing
1.								
2.								
3.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year
(Asset-wise details) – Nil

a) Date of creation or acquisition of the capital asset(s).
b) Amount of CSR spent for creation or acquisition of capital asset.
c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135 (5).

The company has spent the requisite amount to the CSR activities and Rs. 19,987/- has been spent in excess which can be adjusted in the following year.

Mr. F. SADIQ DIN: 00682761 Managing Director / Chairman of the CSR Committee	Dr. C. R. SEENA DIN: 07244374 Director / Member of the CSR Committee

INDEPENDENT AUDITOR'S REPORT

To the Members of Magalir Micro Capital Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Magalir Micro Capital Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the state of affairs of the Company as at 31 March 2023,and its profit and its cashflows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

   The Annual Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

12. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. As required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

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

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

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

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

e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023from being appointed as a director in terms of section 164(2) of the Act.

f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated as per Annexure B expressed unmodified opinion: and

g) with respect to the other matters to be included in the Auditor's Report in accordance with rule11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 31 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March 2023;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March2023;

   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2023;

   iv.

      a) the management has represented that, to the best of its knowledge and belief, as disclosed in note 34 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

      b) the management has represented that, to the best of its knowledge and belief, as disclosed in note 34 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v. the final preference dividend paid by the Company during the year ended 31 March 2023 in respect of such dividend declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

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

Vaidyanathan NA
Partner
Membership No.: 209256
UDIN: 23209256BGZ0SB8848

Place: Tirunelveli
Date: 23-06-2023

Annexure A of the Independent Auditor's Report of even date to the members of Magalir Micro Capital Private Limited on the financial statements for the year ended 31 March 2023.

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

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

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

(b) The Company is in the process of reconciling the physical assets with the fixed asset register and tagging the assets with asset codes. This process is being done for all the branch offices as on the date of reporting. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

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

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

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

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

(b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks and financial institutions based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and financial institutions and such statements are in agreement with the books of account of the Company for the respective periods, which were subject to audit.

(iii) The Company has not made any investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company

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

(b) The Company has not made any investment, provided any guarantee or given any security during the year or granted any loans and advances during the year which is lower than the market rate of interest. Accordingly, reporting under clause 3(iii)(b) of the Order is not applicable to the Company.

(c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are generally regular.

(d) The total amount which is overdue for more than 90 days as at 31 March 2023 in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties is as follows:

Particulars	Amount (₹)	No. of Cases
Principal	11,85,23,056	6473
Interest	2,11,44,411	6473
Total	13,96,67,467	6473`

Reasonable steps have been taken by the Company for recovery of such principal amounts and interest.

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

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

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

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

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

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

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

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act	Income Tax	1,59,03,524	-	AY 2018-19	CIT(A), Chennai

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

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

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

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

(d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year or in any previous year. Accordingly, reporting under clause 3(ix) (d) of the Order is not applicable to the Company.

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

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

(b) During the year, the Company has made private placement of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

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

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

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

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with section188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Accounting Standard (AS) 18. Further, according to the information and explanations given to us, the Company is not required to constitute an audit committee under section 177 of the Act.

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

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

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

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

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

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

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

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

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly reporting under clause 3(xviii) of the order is not applicable to the company.

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

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

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

Vaidyananthan N A
Partner
Membership No.: 209256
UDIN: 23209256BGZ0SB8848

Place: Tirunelveli
Date: 23/06/2023

Annexure B to the Independent Auditor's Report of even date to the members of Magalir Micro Capital Private Limited on the financial statements for the year ended 31 March 2023

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Magalir Micro Capital Private Limited ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

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

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Vaidyanathan NA
Partner
Membership No.: 209256
UDIN: 23209256BGZ0SB8848

Place: Tirunelveli
Date: 23-06-2023

MAGALIR MICRO CAPITAL PRIVATE LIMITED

Balance sheet as at 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
Equity and liabilities			
Shareholders' funds			
Share capital	3	4,38,700	3,31,200
Reserves and surplus	4	1,77,101	1,67,756
		6,15,801	**4,98,956**
Non-current liabilities			
Long-term borrowings	5	12,83,295	14,50,890
Long-term provisions	7	2,440	2,786
		12,85,735	**14,53,676**
Current liabilities			
Short-term borrowings	6	8,69,445	7,72,361
Trade Payables	8		
(a) total outstanding dues of micro enterprises and small enterprises: and			
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		8,244	19,285
Other current liabilities	9	32,617	22,467
Short-term provisions	7	85,869	71,725
		9,96,175	**8,85,838**
Total		**28,97,711**	**28,38,470**
Assets			
Non-current assets			
Property, plant and equipment	10		
(i) Property, plant and equipment		10,850	12,671
(ii) Intangible assets		68	45
Deferred tax assets (net)	11	12,583	17,130
Loan receivables	12	7,83,552	5,65,934
Loans and advances	13	722	12,926
Other non-current assets	14	2,20,564	1,83,954
		10,28,339	**7,92,660**
Current assets			
Cash and bank balances	15	1,40,456	5,62,031
Loan receivables	12	16,77,567	14,36,155
Short-term loans and advances	13	1,424	1,919
Other current assets	14	49,925	45,705
		18,69,372	**20,45,810**
Total		**28,97,711**	**28,38,470**
Notes 1 to 36 form an integral part of these financial statements			

As per our report of even date

For **M/s V Narayanan & Co**
Chartered Accountants
Firm Registration No: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Tirunelveli
Date: 23 June 2023

For and on behalf of Board of Directors of
Magalir Micro Capital Private Limited

Fathurabbani Sadiq
Managing Director
DIN: 00682761

Place: Tirunelveli
Date: 23 June 2023

Seena Cheppala Rajan
Director
DIN: 07244374

Place: Tirunelveli
Date: 23 June 2023

S Neelakandan
Company Secretary
Membership No: FCS-8492

Place: Tirunelveli
Date: 23 June 2023

MAGALIR MICRO CAPITAL PRIVATE LIMITED

Statement of profit and loss for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue			
Revenue from operations	16	5,16,921	4,63,917
Other income	17	210	411
Total revenue		**5,17,131**	**4,64,328**
Expenses			
Employee benefits expense	18	1,17,718	96,644
Finance costs	19	2,60,926	2,49,144
Depreciation and amortisation expense	20	5,279	5,855
Provisions for loan losses and write-offs	21	52,201	57,982
Other expenses	22	50,037	46,766
Total expenses		**4,86,161**	**4,56,391**
Profit before tax		**30,970**	**7,937**
Tax expense			
Current tax		10,742	2,933
Deferred tax		4,547	(709)
		15,289	**2,224**
Profit after tax		**15,681**	**5,713**
Earnings per equity share			
Basic and diluted (in ₹)	23	0.29	-
Nominal value of equity shares (in ₹)		10.00	10.00
Notes 1 to 36 form an integral part of these financial statements			

As per our report of even date

For **M/s V Narayanan & Co**
Chartered Accountants
Firm Registration No: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Tirunelveli
Date: 23 June 2023

For and on behalf of Board of Directors of
Magalir Micro Capital Private Limited

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S Neelakandan
Company Secretary
Membership No: FCS-8492

Place: Tirunelveli
Date: 23 June 2023

MAGALIR MICRO CAPITAL PRIVATE LIMITED

Statement of Cash flows for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Cash flows from operating activities		
Profit before tax	**30,970**	**7,937**
Adjustments for:		
Provision for loan losses and write-offs	52,201	57,982
Depreciation and amortisation expense	5,279	5,855
Interest income from fixed deposits	(13,292)	(8,165)
Finance Cost	2,60,926	2,49,144
Gratuity expenses	(114)	921
Profit on sale of plant, property and equipment	(97)	(411)
Operating profit before working capital changes	**3,35,873**	**3,13,263**
Adjustments for changes in working capital		
Increase / (Decrease) in other liabilities	5,685	5,751
(Increase) in loan receivables	(4,97,035)	(34,054)
Increase in trade payables	(11,041)	2,094
Decrease/(Increase) in loans and advances	12,698	161
Decrease/(Increase) in other assets	(4,220)	12,530
Cash generated from Operations	**(1,58,040)**	**2,99,745**
Income taxes paid	(1,467)	(8,635)
Net cash flow from operating activities	**(1,59,507)**	**2,91,110**
Cash flows from investing activities		
Purchase of Plant, Property and Equipment	(3,644)	(6,226)
Investments in deposits	(52,913)	(98,570)
Purchase of intangible assets	(51)	1
Proceeds from sale of Plant, Property and Equipment	290	1,286
Interest collected from deposits	-	7,171
Net cash used in investing activities	**(56,318)**	**(96,338)**
Cash flows from financing activities		
Proceeds from borrowings from bank and financial institutions	9,72,500	14,06,000
Repayment of borrowings to bank and financial institutions	(8,85,724)	(8,48,570)
Proceeds from loan from related parties	1,97,000	1,77,095
Repayment of unsecured loan to related parties	(3,54,000)	(2,46,560)
Preference dividend paid including dividend distribution tax	-	(5,810)
Finance Cost Paid	(2,56,462)	(2,49,301)
Proceeds from issue of share capital	1,07,500	-
Net cash from financing activities	**(2,19,186)**	**2,32,854**
Net increase in cash and cash equivalents	(4,35,011)	4,27,626
Opening Cash and Cash equivalents	5,06,881	79,255
Closing Cash and Cash equivalents	**71,870**	**5,06,881**
Cash and cash equivalents comprises of (Also, refer note 15)		
Cash on hand	40	547
Balances with banks in current accounts	71,830	5,06,334
	71,870	**5,06,881**
Notes 1 to 36 form an integral part of these financial statements		

For **M/s V Narayanan & Co**
Chartered Accountants
Firm Registration No: 002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Tirunelveli
Date: 23 June 2023

For and on behalf of Board of Directors of
Magalir Micro Capital Private Limited

Fathurabbani Sadiq
Managing Director
DIN: 00682761

Place: Tirunelveli
Date: 23 June 2023

Seena Cheppala Rajan
Director
DIN: 07244374

Place: Tirunelveli
Date: 23 June 2023

S Neelakandan
Company Secretary
Membership No: FCS-8492

Place: Tirunelveli
Date: 23 June 2023

1 General information

a Background

Magalir Micro Capital Private Limited ('the Company') was incorporated as a private limited company on 26 August 2015 under the Companies Act, 2013. Effective 09 August 2016, the Company was registered as a non-deposit accepting Non Banking Financial Company ('NBFC-ND') and as Non-Banking Financial Company - Micro Finance Institutions ('NBFC-MFI'), under the rules and regulations framed by the Reserve Bank of India ('the RBI'). As per the RBI Circular no.DOR.CRE.REC.No.60/03.10.001/2021-22 dated 22/10/21, NBFC-ND shall mean NBFC-BL. The RBI has issued a certificate of registration under Certificate number N 07.00820.

The operations of the Company are based on the Grameen model of lending. It is designed to promote entrepreneurship among women and inclusive growth. The Company provides financial assistance through micro loans to poor men and women directly or indirectly through SHG/JLG Groups or individually. The Company also facilitates entrepreneurship development and harnesses entrepreneurship skills through skill development workshops and financial literacy classes for its clients.

b Comparatives

All amounts in the financial statements are presented in thousands of Indian Rupees except share data and as otherwise stated. Figures for the previous year have been regrouped / re-classified wherever considered necessary to conform to the figures presented in the current year.

c Estimation of uncertainties relating to the global health pandemic from COVID-19

In accordance with the Board approved moratorium policy and Reserve Bank of India guidelines relating to COVID-19 Regulatory Package dated 27 March 2020, 17 April 2020 and 23 May 2020, the Company has offered moratorium on payment of all installments and / or interests, as applicable falling due between 01 March 2020 and 31 August 2020 to all eligible borrowers as per the Company's policy. For such accounts where the moratorium is granted the asset classification stand still during the moratorium period. However, considering the unique and widespread impact of COVID-19, the Company had estimated provision as at 31 March 2021 towards its loan assets based on the information available at that point in time. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of these financial statements. This impact on numbers of previous years has been considered in the preparation of financial statements.

The Company has obtained moratorium from banks and financial institutions based on the regulatory package issued by the RBI during the financial year ending 31 March, 2021.

The Company had invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers as per notification no. RBI/2021-22/31 DOR.STR.REC.11/21.04.048/2021-22 on "Resolution Framework for COVID-19-related Stress" dated May 05, 2021, respectively. The resolution plans were based on the parameters laid down in the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the Reserve Bank of India. (Refer note 2(j) and note 21).

The Company will continue to closely monitor the impact of any material changes in both the internal and external environments. The Company has been duly servicing its debt obligations. The Company's management believes that the Capital Adequacy and Liquidity position remains strong and shall continue to be an area of focus.

2 Significant accounting policies

a Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and non- Systemically important NBFC-ND. The financial statements have been prepared on an accrual basis and under the historical cost convention, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

b Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, provision for loan loss assets, future obligations under employee retirement benefit plans, income taxes and the useful lives of property, plant and equipment. Further the classification of assets and liabilities into current and non-current is based on the estimation of the operating cycle of the Company.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c Property, plant and equipment

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation on property, plant and equipment is calculated on written down value using the rates arrived at, based on the useful lives estimated by the management. The identified components are depreciated seperately over their useful lives, the remaining components are depreciated over the life of the princiapal asset. The company has used the following rates to provide depreciation on its property, plant and equipment.

Asset Head	Useful Life
Computers & Accessories	3 years
Furnitures & Fixtures	10 years
Office Equipments	5 years
Vehicles	8 years

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

d Intangible assets

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software. These assets are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

e Investments

Investments are classified as long term investments and current investments. Current investments are stated at lower of cost and fair value. Long term investments are usually carried at cost and provision for diminution is made to recognise a decline, other than temporary separately for each individual long term investments.

Investments are classified as current if it is by nature readily realisable and is intended to be held for not more than one year from the date on which such investment is made. Any investment other than a current investment is a long term investment

f Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. Recoverable amount is the higher of the asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

g Lease

Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in such type of arrangements, the related assets are recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of profit and loss, as finance costs over the period of the lease.

Operating lease

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

h Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

i. Interest on loans is recognised on accrual basis, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation.

ii. Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

iii. Loan processing fees is accounted up-front as and when it becomes due.

iv. Excess interest spread on securitization/direct assignment represents income from receivables securitized / assigned is accounted in accordance with the relevant guidelines issued by the RBI. The losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration and the gains arising from the transaction are amortized over the tenor of the transaction. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

v. All other income are recognised on an accrual based on terms of agreement

i Securitization/assignment of loans and advances

Transactions relating to transfers of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines issued by the RBI. Such transferred loans and advances are de-recognised from the financial statements and gains/losses are accounted for only where the Company surrenders rights and obligations specified in the loan contract in favour of the counter parties.

j Asset classification and provisioning

(A) The Company follows the asset classification and provisioning norms as per the NBFC Master Directions, 2016 for Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs).

Asset category	Classification
Standard assets	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.
Non-performing assets	Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.

(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Provisioning on loan receivables

Higher of
a) 1% of the outstanding loan portfolio or
b) 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.

(B) Restructured Accounts

During the year, the company has adopted and implemented "Resolution Framework 2.0" issued by the RBI vide circular no. DOR.STR.REC.11/21.04.048/2021-22 dated 5 May 2021. Based on which 10% provision was created on portfolio balance as on 31st December 2021.
Provision created was written back based on the repayment pattern -
(a) 100% if collection more than 30% and 50% if collection is 20%-29%. The same has been considered in the prepartion of Financial statments.

Asset category	Classification
Standard Assets	Assets in respect of which no default in principal or payment of interest as on 31st March 2021 and for which consent was obtained as per restructuring Framework 2.0.

k Borrowing cost

Borrowing cost includes interest incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred.

l Employee benefits

Short term employee benefits

Short term employee benefits are recognised as an expense in the statement of profit and loss, on accrual basis.

(i) **Defined contribution plan:** The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. the Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.

(ii) **Gratuity:** The Company provides gratuity, a defined benefit retirement plan covering eligible employees. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as at the balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.

m Taxation

Provision for tax for the year comprises current income tax and deferred tax.

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. In computing current taxes the company takes into consideration the benefits admissible under the provisions of the Income Tax Act,1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

n Earnings per equity share

The basic earnings per equity share ("EPS") is computed by dividing the net profit / loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

o Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognised are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

p Cash and Cash Equivalents

Cash Includes cash on hand and balances with banks. Cash Equivalents are short term, highly liquid investments, having a maturity of three months or less from the date of its acquisition, that are readily convertible into known amounts of cash and which are subject to insignificant risks of changes in value.

q Cash flow statement

Cash flows are reported using the indirect method, whereby profit / loss 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. The cash flows from operating, financing and investing activities of the Company are segregated based on the available information. Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
3 Share capital				
Authorised				
Equity shares of ₹ 10 each	4,00,00,000	4,00,000	3,70,00,000	3,70,000
Preference shares of ₹ 10 each	50,00,000	50,000	80,00,000	80,000
	4,50,00,000	**4,50,000**	**4,50,00,000**	**4,50,000**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	3,89,70,000	3,89,700	2,89,70,000	2,89,700
14% Non-convertible cumulative redeemable preference shares of ₹ 10 each	49,00,000	49,000	41,50,000	41,500
	4,38,70,000	**4,38,700**	**3,31,20,000**	**3,31,200**
a) Reconciliation of total number of shares				
(i)Reconciliation of equity share capital				
Balance at the beginning of the year	2,89,70,000	2,89,700	2,89,70,000	2,89,700
Issued during the year	1,00,00,000	1,00,000	-	-
Balance at the end of the year	**3,89,70,000**	**3,89,700**	**2,89,70,000**	**2,89,700**
(ii)Reconciliation of preference share capital				
Balance at the beginning of the year	41,50,000	41,500	41,50,000	41,500
Issued during the year	7,50,000	7,500	-	-
Balance at the end of the year	**49,00,000**	**49,000**	**41,50,000**	**41,500**
b) Shareholders holding more than 5% of the shares	**Number**	**%**	**Number**	**%**
i) Equity shares of ₹ 10 each				
F. Sadiq	2,11,35,000	54%	1,66,35,000	57%
Seyad Home Industries Private Limited	50,00,000	13%	50,00,000	17%
F. Seyadrabbani	42,10,000	11%	42,10,000	15%
C. R. Seena	25,00,000	6%	10,00,000	3%
N. Seyadu Abdul Kareem	30,00,000	8%	5,00,000	2%
N. Seyad Nawaz	27,00,000	7%	2,00,000	1%
	3,85,45,000	**99%**	**2,75,45,000**	**95%**
ii) 14% Non-convertible cumulative redeemable preference shares of ₹ 10 each				
S Fathima	35,00,000	71%	35,00,000	84%
M Shahul Hameed	2,60,000	5%	2,60,000	6%
F. Sadiq	3,90,000	8%	3,90,000	9%
S. Mofika Rabbani	7,50,000	15%	-	-
	49,00,000	**100%**	**41,50,000**	**100%**

c) Rights, preferences and restrictions attached to equity share capital

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year, other than interim dividend, is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

d) Rights, preferences and restrictions attached to preference shares

The Company has issued 14% Non-convertible cumulative Redeemable Preference shares having a face value of ₹ 10 per share and carries a dividend of 14% per annum. The preference shareholders are not entitled to vote. The Company is liable to redeem the said preference shares out of its profits within 5 years from the date of issue. Hence, the redemption of preference shares falls between 31st July 2026 and 29 September 2027.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

e) **Equity shares movement during the five years preceding 31 March 2023**

A. Equity shares allotted as fully paid-up pursuant to contract without payment being received in Cash

There are no equity shares alloted during the preceeding five years pursuant to contract without payment being received in cash.

B. Equity shares issued as bonus

During the financial year 2017 - 2018 the company has converted the unsecured loan from director amounting to ₹ 9.90 Crores at the face value (99,00,000 shares). However there were no shares alloted as fully paid up by way of bonus issues or brought back since the company's incorporation.

C. Equity shares extinguished on buy-back

The Company has not bought back equity shares during the preceeding five years.

f) **Shares held by promoters**

Promoter name (as defined in the Companies Act, 2013)	As at 31 March 2023		As at 31 March 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
i) Equity shares of ₹ 10 each					
F. Sadiq	2,11,35,000	54.23%	1,66,35,000	57.42%	-3%
C. R. Seena	25,00,000	6.42%	10,00,000	3.45%	3%
ii) 14% Non-convertible cumulative redeemable preference shares of ₹ 10 each					
F. Sadiq	3,90,000	7.96%	3,90,000	9.40%	-1%

Particulars		As at 31 March 2023	As at 31 March 2022
4 Reserves and surplus			
Capital redemption reserve			
Balance at the beginning of the year		41,500	41,500
Add : Transferred from surplus in statement of profit and loss		7,500	-
Balance at the end of the year	(A)	49,000	41,500
General reserve			
Balance at the beginning of the year		19,010	18,439
Add : Transferred from surplus in statement of profit and loss		1,568	571
Balance at the end of the year	(B)	**20,578**	**19,010**
Statutory reserve			
Balance at the beginning of the year		38,023	36,880
Add : Transferred from surplus in statement of profit and loss		3,136	1,143
Balance at the end of the year	(C)	**41,159**	**38,023**
Surplus in Statement of profit and loss			
Balance at the beginning of the year		69,223	71,034
Add : Transferred from statement of profit and loss		15,681	5,713
Less : Transferred to general reserve		(1,568)	(571)
Less : Transferred to statutory reserve @		(3,136)	(1,143)
Less : Transferred to Capital redemption reserve		(7,500)	-
Less : Dividend payable on preference shares		(6,336)	(5,810)
Less : Dividend distribution tax on preference shares		-	-
Balance at the end of the year	(D)	**66,364**	**69,223**
	(A+B+C+D)	**1,77,101**	**1,67,756**

@ In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company being an NBFC, has transferred 20% of the profit after tax for the year to the statutory reserve and 10% of the profit after tax for the year to general reserve.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
5 Borrowings		
Long-term Borrowings		
Secured*		
(a) 13.50% Non-convertible Debentures		
From other financial institutions	1,50,000	-
Term loans		
From banks	11,81,346	12,04,191
From other financial institutions	2,80,915	2,73,375
From related parties (Also, refer note 26 (c))	-	45,466
Finance lease obligations (Also, refer note 26(a), 26(b) and 26 (c))	-	2,740
	16,12,261	**15,25,772**
Unsecured		
Term loans		
From related parties (Also, refer note 26 (c))	5,40,479	6,97,479
	5,40,479	**6,97,479**
Less: Classified as short term borrowings (Also, refer note 6)		
Current maturities of long-term debt		
From banks	6,41,024	5,02,823
From other financial institutions	1,53,421	2,30,674
From related parties	-	37,376
Current maturities of finance lease obligations	-	1,488
Current maturities of Non-convertible Debentures	75,000	-
	8,69,445	**7,72,361**
	12,83,295	**14,50,890**

* Refer note 27 for Details of security, repayment terms, applicable interest rates

Debentures and term loans from banks aggreating to INR 97.25 Crs are secured by a first charge on pari-passu basis on all property, plant and equipment of the Company excluding certain immovable properties.

(a) Disclosure in respect of finance lease obligations

The lease payments are determined on the basis of the lease agreements entered into with the constituents and the future lease commitments are given below:

Particulars	As at 31 March 2023	As at 31 March 2022
Payable not later than 1 year	-	2,029
Payable later than 1 year not later than five years	-	1,470
	-	**3,499**
Less : Amounts representing interest	-	(759)
	-	**2,740**
Represented as		
- Finance lease obligations under long term borrowings	-	1,252
- Current maturities of finance lease obligations	-	1,488

Finance lease obligations (Also, refer note 10) are secured by the related assets held under finance lease. Future minimum finance lease payments at the end of each reporting period have been disclosed above.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
6 Short-term Borrowings		
Secured*		
From other financial institutions	-	-
Unsecured		
Term loans from Banks	-	-
Current maturities of long term borrowings (Refer note 5)		
Secured*		
Term loans		
From banks	6,41,024	5,02,823
From other financial institutions	1,53,421	2,30,674
From related parties (Refer note 26 (c))	-	37,376
Finance lease obligations (Also, refer note 26(a) , 26(b) and 26(c))	-	1,488
Non convertible Debentures	75,000	-
	8,69,445	**7,72,361**

* Refer note 27 for Details of security, repayment terms, applicable interest rates

(1) The statements of current assets filed by the company with the banks or financial institutions are in agreement with books of accounts.

(2) The Company has not be declared as a willful defaulter by any banks or financial institutions or other lenders.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Long-term	Short-term	Long-term	Short-term
7 Provisions				
Provision for gratuity (Also, refer note (a) below)	2,440	275	2,786	42
Provision for dividend on preference shares	-	5,703	-	5,229
Provision for loan receivables (Also, refer note (b) below)	-	71,450	-	34,434
Provision for restructured loan accounts (Also, refer note below)	-	8,441		32,020
	2,440	**85,869**	**2,786**	**71,725**

(a) Employee benefits

The Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement or termination of employment (subject to completion of five years of continuous employment), death or incapacitation that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date. The plan is unfunded.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

Particulars	As at 31 March 2023	As at 31 March 2022
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	2,828	1,907
Service cost	973	1,060
Interest cost	210	135
Actuarial gain	(1,295)	(274)
Projected benefit obligation at the end of the year	**2,716**	**2,828**
Classified as		
-Current	275	42
- Non-current	2,442	2,786
Particulars	**Year ended 31 March 2023**	**Year ended 31 March 2022**
Components of net gratuity costs are		
Service cost	973	1060
Interest cost	210	135
Recognised net actuarial gain	(1,295)	(274)
Net gratuity costs (Also, refer note 18)	**(112)**	**921**
Assumptions used		
Discount rate	7.55%	7.41%
Long-term rate of compensation increase	10.00%	10.00%
Attrition rate	20.00%	20.00%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

7 Provisions (continued)

(b) Provision for loan loss

Particulars	As at 31 March 2023	As at 31 March 2022
Movement during the year		
Opening balance	**66,454**	**65,071**
Provision for loan losses	34,434	65,071
Provision for Restructured accounts	32,020	-
Add: Created during the year - Provision for loan losses	75,022	25,558
Add: Created during the year - Provision for Restructured accounts	(23,579)	32,020
(Less): Utilized during the year	(38,005)	(56,195)
Balance at the end of the year	**79,892**	**66,454**

The provision for the restructured accounts created in previous year based on the circular DOR.STR.REC.11/21.04.048/2021-22 'Resolution Framework 2.0 - Resolution of Covid -19 related stress of Micro, Small and Medium Enterprises' dated 05 May, 2021 issued by RBI where it was decided to permit a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, subject to certain conditions as per the framework.

Particulars	As at 31 March 2023	As at 31 March 2022
8 Trade payables		
(a) total outstanding dues of micro enterprises and small enterprises; and (Refer note 24)	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note below)		
-Payables towards assignment transactions	-	10,207
-Other payables	8,244	9,078
	8,244	**19,285**

Trade Payables ageing schedule

Particulars	As at 31 March 2023	As at 31 March 2022
Less than 1 year		
(i) MSME	-	-
(ii) Others	8,244	19,285
1 year - 2 years		
(i) MSME	-	-
(ii) Others	-	-
2 year - 3 years		
(i) MSME	-	-
(ii) Others	-	-

Particulars	As at 31 March 2023	As at 31 March 2022
9 Other current liabilities		
Interest accrued but not due		
To banks	5,029	3,545
To other financial institutions	2,407	945
To Debentures	1,332	-
To related parties (Refer note 26 (c))	996	809
Employee related payables (Refer note 26 (c))	1,834	718
Advance from customers	17,319	13,124
Statutory dues payable	3,700	3,326
	32,617	**22,467**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

10 Property, plant and equipment and Intangible assets

Particulars	Property, plant and equipment					Intangible assets
	Computers & Accessories	Furnitures & Fixtures	Office Equipments	Vehicles*	Total	Computer Softwares
Gross block						
Balance as at 31 March 2021	**13,162**	**11,076**	**4,099**	**10,204**	**38,542**	**878**
Additions	1,858	2,553	532	1,283	6,226	-
Disposals	(603)	(32)	-	(397)	(1,032)	-
Balance as at 31 March 2022	**14,417**	**13,597**	**4,631**	**11,090**	**43,735**	**878**
Additions	2,614	680	299	-	3,594	51
Disposals	(356)	(295)	(71)	-	(722)	-
Balance as at 31 March 2023	**16,675**	**13,981**	**4,859**	**11,090**	**46,607**	**929**
Accumulated depreciation						
Balance as at 31 March 2021	**10,789**	**6,511**	**2,975**	**5,092**	**25,367**	**832**
Charge for the year	1,862	1,674	675	1,643	5,854	1
Reversal on disposal of assets	(3)	(106)	-	(40)	(157)	-
Balance as at 31 March 2022	**12,648**	**8,079**	**3,650**	**6,695**	**31,064**	**833**
Charge for the year	1,576	1,989	449	1,237	5,251	28
Reversal on disposal of assets	(338)	(174)	(46)	-	(558)	
Balance as at 31 March 2023	**13,885**	**9,894**	**4,054**	**7,932**	**35,757**	**861**
Net block						
Balance as at 31 March 2021	2,373	4,565	1,124	5,112	13,174	46
Balance as at 31 March 2022	1,770	5,518	981	4,395	12,671	45
Balance as at 31 March 2023	2,790	4,087	806	3,158	10,850	68

***Net block of Vehicles taken on finance lease**

Particulars	As at 31 March 2023	As at 31 March 2022
11 Deferred tax assets		
Timing difference on property plant and equipment	2,933	3,030
Provision for employee benefits	683	712
Provision for loan losses	8,967	13,388
	12,583	**17,130**
Movement during the year		
Opening balance	17,130	16,421
Recognised in the statement of profit and loss	(4,547)	709
Balance at the end of the year	**12,583**	**17,130**

(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
12 Loan receivables				
Unsecured, considered good	7,82,585	15,58,797	5,65,934	13,90,194
Unsecured, considered doubtful	967	1,18,770	-	36,479
Placed as collateral towards direct assignment				
Unsecured, considered good	-	-	-	9,482
	7,83,552	**16,77,567**	**5,65,934**	**14,36,155**

Loan Receivables ageing schedule

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Undisputed Trade receivables — considered good		
Less than 6 Months	8,38,219	7,75,743
6 Months - 1 Year	7,20,579	6,23,934
More than 1 Year	7,82,584	5,65,934
	23,41,382	**19,65,611**
(ii) Undisputed Trade receivables — considered doubtful		
Less than 6 Months	1,05,061	36,479
6 Months - 1 Year	13,709	-
More than 1 Year	967	-
	1,19,737	**36,479**

Particulars	As at 31 March 2023		As at 31 March 2022	
	Long Term	Short Term	Long Term	Short Term
13 Loans and advances				
Unsecured, considered good				
Loans to employees	-	344	-	170
Advance income tax (net of provision)	717	-	12,926	-
Other advances	5	1,080	-	1,749
	722	**1,424**	**12,926**	**1,919**

Particulars	Non-current	Current	Non-current	Current
14 Other assets				
Non-current bank balances (Also, refer note 15)	2,09,500	-	1,70,023	-
Deposit held with financial institutions as security against borrowings and other commitments	-	-	3,648	-
Rental deposits	-	9,187	-	8443
Interest accrued on				
- Fixed deposits	11,064	-	10,282	-
- Loan receivables		39,051		35,526
Other receivables	-	1,687	-	1,735
	2,20,564	**49,925**	**1,83,954**	**45,705**

Particulars		As at 31 March 2023	As at 31 March 2022
15 Cash and bank balances			
Cash and cash equivalents			
Cash on hand		40	547
Balances with banks in current accounts	A	71,830	5,06,334
		71,870	**5,06,881**
Other bank balances			
Balances with bank held as security against borrowings and other commitments		2,78,086	2,25,173
		2,78,086	2,25,173
		(2,09,500)	(1,70,023)
Less : Amounts disclosed as 'Other non-current assets (Also, refer note 14)	B	**68,586**	**55,150**
	A+B	**1,40,456**	**5,62,031**

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
16 Revenue from operations		
Interest income on		
- Loans given	4,58,357	4,33,884
- Fixed deposits	13,292	8,165
Loan processing fees	28,034	16,473
Income on securitisation/direct assignment	6,125	2,871
Service fee for management of receivables	3,905	2,376
Income on BC Fee	465	-
Write off of loans - Recovery	6,743	148
	5,16,921	**4,63,917**
17 Other income		
Profit on sale of plant, property and equipment	97	411
Gratuity provision reversals	113	-
	210	**411**
18 Employee benefits expense		
Salaries and wages	1,01,430	82,111
Contribution to provident and other funds	9,483	8,008
Staff welfare expenses	6,805	5,604
Gratuity expense (Also, refer note 7 (a))	-	921
	1,17,718	**96,644**
19 Finance costs		
Interest expenses (Also, refer note 26 (b))	2,48,840	2,30,401
Other borrowing costs	12,086	18,743
	2,60,926	**2,49,144**
20 Depreciation and amortisation expense		
Depreciation of tangible assets (Also, refer note 10)	5,251	5,854
Amortisation of intangible assets (Also, refer note 10)	28	1
	5,279	**5,855**
21 Provisions for loan losses and write-offs		
Provision for loan losses, net (Also, refer note 7 (b)	75,022	25,558
Provision for Restructured accounts	(23,579)	32,020
Loan asset written off	758	404
	52,201	**57,982**
22 Other expenses		
Travelling and conveyance	13,110	15,190
Rent (Also, refer note 26 (b) and 32)	13,176	11,240
Repairs and maintenance - Others	10,320	8,524
Legal and professional charges	3,248	2,859
Contribution towards corporate social responsibility (Also, refer note 33)	931	1,315
Power and fuel	1,613	1,302
Printing and stationery	2,746	1,260
Communication expenses	1,245	1,110
Bank charges	1,074	1,040
Miscellaneous expenses	334	980
Payments to auditors		
-Statutory audit*	545	630
-Other services	-	-
Directors sitting fees (Also, refer note 26 (b))	510	567
Insurance	191	506
Advertisement expenses (Also, refer note 26 (b))	149	147
Rates and taxes	93	84
Director commission (Also, refer note 26 (b))	752	12
	50,037	**46,766**

* Includes amount 130 in FY 2021-22 pertaining to the previous auditors.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
23 Earnings per share		
Basic and diluted		
Nominal value and face value of equity shares (in ₹)	10	10
Net profit as per the statement of profit and loss	15,681	5,713
Less: Preference dividend on CCPS (including dividend distribution tax)	(6,336)	(5,810)
Net profit/ (loss) attributable to equity shareholders	9,344	(97)
Weighted average number of equity shares	32,422	26,107
Earnings per share		
Basic	0.29	-
Diluted	0.29	-

24 Payables to micro and small enterprises
Based on the information available with the Company, as at 31 March 2022 and 31 March 2021, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

25 Segment reporting
The Company is primarily engaged in the business of Micro finance. All the activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 'Segment reporting'.

26 Related parties disclosures
As per the requirements of Accounting Standard 18 on Related Party Disclosures, the Company has disclosed related parties and nature of relationships only where there have been transactions between related parties, except related party relationships where control exists.

a) Names of related parties

Relationship	Name
Key management personnel (KMP)	F. Sadiq (Managing Director) T.E.S. Nainamohamed (Director) N. Seyad Abdul Kareem (Director) F. Seyadrabbani (Director) R. Subramanian (Director) C. R. Seena (Director) S. Mofika Rabbani (Relative to Director)
Entities in which directors of the Company are able to exercise control or have significant influence and Entities in which the directors of the Company is also a director/shareholders	Fathimuthu Amma Knits Private Limited Fathimuthu Amma Mills Private Limited Haja Spinners Private Limited Seyad Agro Industries Private Limited Seyad Cotton Mills Private Limited Seyad Home Industries Private Limited Seyad Shariat Finance Limited Seyadu Beedi Company Seyadu Spinning Mills Seyad Welfare Society Faywalk Fashions Magalir Finserv Private Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

26 Related parties disclosures (continued)
(b) Transactions with related parties

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Loan received		
F. Sadiq	55,000	35,000
F. Seyadrabbani	-	10,000
T.E.S Nainamohamed	-	-
N. Seyad Abdul Kareem	30,000	6,500
C. R. Seena	-	-
Seyad Home Industries Private Limited	-	-
S. Danish	-	-
Fathimuthu Amma Mills Private Limited	50,000	95,000
Seyad Shariat Finance Limited	35,000	30,595
Magalir Finserv Private Limited	-	-
N. Seyad Navaz	27,000	-
Loan repaid		
F. Sadiq	95,000	25,000
T.E.S Nainamohamed	14,000	-
N. Seyad Abdul Kareem	20,000	-
C. R. Seena	15,000	-
Seyad Home Industries Private Limited	1,00,000	1,00,000
Seyad Shariat Finance Limited	80,466	26,560
S. Danish	-	
Fathimuthu Amma Mills Private Limited	50,000	95,000
Magalir Finserv Private Limited	5,000	-
Seyadrabbani Fathurabbani	-	-
N. Seyad Navaz	20,000	-
Interest expenses		
F. Sadiq	33,612	37,083
C. R. Seena	3,498	4,463
F. Seyadrabbani	13,050	12,538
T.E.S Nainamohamed	538	2,095
N. Seyad Abdul Kareem	4,169	2,289
Seyad Home Industries Private Limited	25,012	50,211
Seyad Shariat Finance Limited	6,066	7,740
Fathimuthu Amma Mills Private Limited	3,082	3,669
Magalir Finserv Private Limited	187	644
N. Seyad Navaz	1,143	-
Issue of Equity Share Capital		
F. Sadiq	45,000	-
C. R. Seena	15,000	-
N. Seyad Abdul Kareem	20,000	-
N. Seyad Navaz	20,000	-
Issue of Preference Share Capital		
S. Mofika Rabbani	7,500	-
Personal guarantee by Directors	9,72,500	14,06,000
Remuneration		
F. Sadiq	3,312	3,312
Director commission		
F. Sadiq	752	12

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

26 Related parties disclosures (continued)
(b) Transactions with related parties (continued)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Proceed from sale of vehicle		
Fathimuthu Amma Mills Private Limited	-	176
Sevad Home Industries Private Limited	-	-
Purchase of vehicle		
Seyadu Beedi Company	-	-
Seyad Shariat Finance Limited	-	51
Rent		
Seyad Welfare Society	36	36
Seyadu Beedi Company	42	36
F. Sadiq	8	
F. Seyadrabbani	8	
Wahida Shirin Bathurabbani	15	
Directors sitting fees	190	267

(c) Outstanding balances as at year end

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Loan balances		
F. Sadiq	2,00,029	2,40,029
F. Seyadrabbani	90,000	90,000
T.E.S Nainamohamed	-	14,000
N. Seyad Abdul Kareem	30,000	20,000
C. R. Seena	15,000	30,000
Seyad Home Industries Private Limited	1,98,450	2,98,450
Seyad Shariat Finance Limited	-	47,398
Magalir Finserv Private Limited	-	5,000
N. Seyad Navaz	7,000	-
Interest payable on related party loan		
Seyad Shariat Finance Limited	-	41,890
Other payable		
Seyad Shariat Finance Limited	-	1,69,091
Other receivables		
N. Seyad Abdul Kareem	-	-
Personal guarantee by Directors	16,12,261	14,77,566
Remuneration payable		
F. Sadiq	-	-

Notes

i) The gratuity and compensated absence expenses are determined for all the employees as a whole, and not identifiable separately for key management personnel. Hence, the managerial remuneration disclosed above does not include the same.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

27 Details of security, repayment terms, applicable interest rates

SECURED TERM LOANS AND OTHER LOANS								Outstanding as at	
Bank Name	Repayment terms	No of instalments	Amount per instalment	Repayment commencement month	Interest rate p.a	Nature of the security	Loan taken during the year	31 March 2023	31 March 2022
State Bank of India	Quarterly	12	2,916.67	May-19	11.70%	Exclusive charge on Book Debt - 100%, Cash Colletral -15% and Personal Guarantee by Directors	-	-	1,637
Hinduja Leyland Finance Ltd	Monthly	36	1,677.57	Aug-19	12.70%	Exclusive charge on Book Debt - 110%, Cash Colletral - Nil and Personal Guarantee by Mr. F. Sadiq	-	-	6,536
Lakshmi Vilas Bank	Monthly	36	555.56	Jan-20	12.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	9,177
Northern Arc Capital Limited	Monthly	24	1,469.00	Feb-20	16.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	3,044
Northern Arc Capital Limited	Monthly	24	1,469.00	Feb-20	16.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	2,989
Northern Arc Capital Limited	Monthly	24	1,455.00	Mar-20	15.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	4,452
Northern Arc Capital Limited	Monthly	24	1,455.00	Mar-20	15.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	4,402
Northern Arc Capital Limited	Monthly	24	1,455.00	Mar-20	15.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	4,402
Northern Arc Capital Limited	Monthly	24	1,455.00	Apr-20	15.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	5,903
Hero Fincorp Ltd.	Monthly	24	1,440.39	May-20	14.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Managing Director	-	-	1,424
Vivriti Capital Private Limited	Monthly	24	1,458.17	Oct-20	15.25%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil% and Personal Guarantee by Promoter Directors	-	-	8,251
Profectus Capital Private Limited	Monthly	16	1,562.56	Nov-20	15.25%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	1,543
Incred Financial Services Limited	Monthly	21	1,091.11	Dec-20	15.25%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	5,246
Eclear Leasing & Finance Private Limited	Monthly	24	1,213.35	Dec-20	15.10%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	9,179
Incred Financial Services Limited	Monthly	21	1,091.11	Jan-21	15.25%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	-	6,251
Arohan Financial Services	Monthly	24	2,448.15	Mar-21	16.00%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	24,794
Dhanalaxmi Bank	Quarterly	8	2,500.00	May-21	11.50%	Exclusive charge on Book Debt - 115%, Cash Colletral -15% and Personal Guarantee by Directors	-	-	10,000

(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

27 Details of security, repayment terms, applicable interest rates (continued)

SECURED TERM LOANS AND OTHER LOANS								Outstanding as at	
Bank Name	**Repayment terms**	**No of instalments**	**Amount per instalment**	**Repayment commencement month**	**Interest rate p.a**	**Nature of the security**	**Loan taken during the year**	**31 March 2023**	**31 March 2022**
Tamilnad Mercantile Bank	Quarterly	8	4,750.00	Jun-21	10.90%	Exclusive charge on Book Debt - 125%, Cash Colletral -10% and Personal Guarantee by Directors	-	-	19,000
Catholic Syrian Bank	Quarterly	12	4,167	Jan-19	11.50%	Exclusive charge on Book Debt - 125%, Cash Colletral -10% and Personal Guarantee by Directors		-	3,887
Catholic Syrian Bank	Quarterly	12	2,083	Oct-19	12.25%	Exclusive charge on Book Debt - 125%, Cash Colletral -10% and Personal Guarantee by Directors		-	8,174
Union Bank of India	Quarterly	12	4,167	Mar-20	11.40%	Exclusive charge on Book Debt - 110%, Cash Colletral -10% and Personal Guarantee by Directors		-	21,385
Bank of Baroda	Quarterly	11	5,364	Apr-20	11.85%	Exclusive charge on Book Debt - 110%, Cash Colletral -10% and Personal Guarantee by Directors		-	21,393
NABARD	Annual	2	50,000	Oct-21	7.00%	Exclusive charge on Book Debt - 130%, Cash Colletral -20% and Personal Guarantee by Directors		-	50,000
Seyad Shariat Finance Limited	Annual	2	10,000	Oct-21	14.50%	Exclusive charge on Book Debt - 105%, Cash Colletral -Nil and Personal Guarantee by Directors		-	10,000
Seyad Shariat Finance Limited	Annual	2	15,000	Oct-21	14.50%	Exclusive charge on Book Debt - 105%, Cash Colletral -Nil and Personal Guarantee by Directors		-	15,000
State Bank of India	Quarterly	12	8,333	Aug-21	11.70%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Directors		41,666	75,000
State Bank of India	Monthly	36	6,940	Mar-22	11.70%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Directors		1,59,561	2,43,056
Tamilnad Mercantile Bank	Quarterly	8	3,250	Jun-22	10.90%	Exclusive charge on Book Debt - 125%, Cash Colletral -10% and Personal Guarantee by Directors		13,000	26,000
Union Bank of India	Quarterly	12	12,500	May-22	9.90%	Exclusive charge on Book Debt - 110%, Cash Colletral -20% and Personal Guarantee by Directors		1,00,000	1,50,000
Indian Overseas Bank	Quarterly	11	22,727	Sep-22	10.55%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Directors		1,81,819	2,50,000
Bank of Baroda	Monthly	36	2,778	Oct-21	9.35%	Exclusive charge on Book Debt - 110%, Cash Colletral - 10% and Personal Guarantee by Directors		50,000	83,333
Canara Bank	Monthly	36	2,800	Oct-21	9.35%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors		49,600	83,200
Northern Arc Capital Limited	Monthly	24	2,412	May-21	14.50%	Exclusive charge on Book Debt - 110%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors		2,498	28,942
		24	2,412	Jul-21				6,917	32,768
Seyad Shariat Finance Limited	Monthly	24	1,213	Nov-21	14.50%	Exclusive charge on Book Debt - 105%, Cash Colletral -Nil and Personal Guarantee by Promoter Directors	-	-	20,466
Kissandhan Agri Financial Services Pvt. Ltd.	Monthly	24	1,437	Oct-21	13.75%	Exclusive charge on Book Debt - 110%, Cash Colletral -5% and Personal Guarantee by Promoter Directors	-	8,286	23,251

(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

27 Details of security, repayment terms, applicable interest rates (continued)

SECURED TERM LOANS AND OTHER LOANS								Outstanding as at	
Bank Name	**Repayment terms**	**No of instalments**	**Amount per instalment**	**Repayment commencement month**	**Interest rate p.a**	**Nature of the security**	**Loan taken during the year**	**31 March 2023**	**31 March 2022**
Nabkisan Finance Limited	Quarterly	8	6,250	May-22	13.25%	Exclusive charge on Book Debts-110%, Cash Colletral-5% and Personal Guarantee by Promoter Directors	-	24,983	50,000
SIDBI Limited	Monthly	30	3,330	Mar-22	8.75%	Exclusive charge on Book Debt - 110%, Cash Colletral -10% and Personal Guarantee by Promoter Directors	-	56,710	96,670
		10	5,000	Nov-21			-	-	25,000
Jana Small Finance Bank	Monthly	24	4,734	Nov-21	12.56%	Exclusive charge on Book Debts-110%, Cash Colletral-10% and Personal Guarantee by Promoter Directors	-	31,780	77,281
Seyad Shariat Finance Limited	Monthly	36	45	Apr-21	26.00%	Exclusive Charge on Vehicles	-	-	837
Seyad Shariat Finance Limited	Monthly	36	46	Jan-22	25.17%	Exclusive Charge on Vehicles	-	-	1,094
Kaleidofin Capital Private Limited	Monthly	24	2,515	Nov-22	15.00%	Hypothecation by way of exclusive charge over book debt to the extent of 110% of facility amount	50,000	40,835	-
Promising Lenders Fund	Monthly	24	6,250	Apr-23	13.50%	Exclusive charge on Book Debts-110%, Cash Colletral-7.5% and Personal guarantee from Mr. F. Sadiq, Mr. F. Seyad Rabbani and Dr. C. R. Seena.	1,50,000	1,50,000	-
Jana Small Finance Bank	Monthly	24	4,754	Nov-22	13.00%	Exclusive charge on Book Debts-110%, Cash Colletral-10% and Personal guarantee from Mr. F. Sadiq and Dr. C. R. Seena.	1,00,000	81,216	-
South Indian Bank	Monthly	36	1,389	Oct-22	12.00%	Exclusive charge on Book Debts-120%, Cash Colletral-15% and Personal guarantee from Mr. F. Sadiq, Mr. F. Seyad Rabbani and Dr. C. R. Seena.	50,000	41,623	-
State Bank of India	Monthly	36	6,950	Nov-22	10.15%	Exclusive charge on Book Debts-125%, Cash Colletral-10% and Personal guarantee from Directors	2,50,000	2,15,255	-
Vivriti Capital Private Limited	Monthly	24	6,250	Feb-22	14.25%	Exclusive charge on Book Debts-110%, Cash Colletral-5% and Personal guarantee from Mr. F. Sadiq, Mr. F. Seyad Rabbani and Dr. C. R. Seena.	1,50,000	1,37,500	-
Union Bank of India	Quarterly	12	5,000	Apr-23	11.10%	Exclusive charge on Book Debts-110%, Cash Colletral-20% and Personal guarantee from Directors	60,000	60,000	-
Vivriti Capital Private Limited	Monthly	24	2,604	May-23	14.25%	Exclusive charge on Book Debts-110%, Cash Colletral-5% and Personal guarantee from Mr. F. Sadiq, Mr. F. Seyad Rabbani and Dr. C. R. Seena.	62,500	59,896	-
Tamilnad Mercantile Bank	Quarterly	8	12,500	Jun-23	11.50%	Exclusive charge on Book Debts-125%, Cash Colletral-10% and Personal guarantee from Directors	1,00,000	99,116	-
							9,72,500	**16,12,261**	**15,24,964**

Note: For interest rates on floating basis, rates disclosed above represents the rate of interest as at 31 March 2023

***Secured Loans**

The loans gauranteed by the Directors of the Company as on 31 March 2023 is Rs.16,12,260 and 31 March 2022 is Rs. 15,24,963.

Unsecured term loans and other loans

The unsecured loan carry an average interest of 14.50% (previous year 15%) per annum and are repayable by end of 60 months/48 months from the receipt of each tranche of loan.

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

28 Analytical Ratios

Particulars	Formula	31-Mar-23			31-Mar-22			% Variance	Reason for variance (if above 25%)
		Numerator (Amount)	Denominator (Amount)	Ratio	Numerator (Amount)	Denominator (Amount)	Ratio		
Current ratio	Current assets/ Current liabilities	18,69,372	9,96,175	1.88	20,45,810.00	8,85,838.00	2.31	-19%	Note 1
Net capital turnover ratio	Net Sales/ Working Capital	5,16,921	8,73,197	0.59	4,63,917	11,59,972	0.40	48%	Note 2
Debt-equity ratio	Total debt/ Shareholder's Equity	21,52,740	6,15,801	3.50	22,23,251	4,98,956	4.46	-22%	Note 1
Return on equity ratio	[Net Profits after taxes – Preference Dividend (if any)]/ Average Shareholder's Equity	9,344	5,57,378	0.02	(97)	4,99,004	- 0.00	0%	Note 1
Net profit ratio	Net Profit/ Net Sales	15,681	5,16,921	0.03	5,713	4,63,917	0.01	146%	Note 3
Return on capital employed	Earning before interest and taxes/ Capital Employed	2,91,896	27,68,541	0.11	2,57,081	27,22,207	0.09	12%	Note 1

Note 1: The variance is less than 25%

Note 2: The closing cash balances of the last FY have been used for deployment in loan assets impacting the working capital position and on the other side, there is an increase in the current liability position as compared to the previous year. Similarly, there is an increase in our revenue (sales) in the CY as compared to PY.

Note 3: The increase in revenue, reduction in borrowing costs & provisions in the CY as compared to PY have contributed to the Net Profit Ratio variance.

(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

29 Additional disclosure pursuant to the RBI directions vide Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (as amended)

Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2023 Amount overdue
Liabilities side:		
(a) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :		
(a) Debentures		
-Secured	1,50,000	-
(b) Deferred credits	-	-
(c) Term loans	18,04,290	18,77,660
(d) Inter-corporate loans and borrowing	1,98,450	3,50,890
(e) Commercial paper	-	-
(f) Cash Credit	-	-

Particulars	As at 31 March 2023 Amount outstanding
Assets side:	
(b) Break-up of loans and advances	
(a) Secured	-
(b) Unsecured	24,61,119
(c) 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	-
(d) Break-up of Investments	
Current Investments	
1) Quoted	
(i) Shares	-
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2) Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

29 Additional disclosure pursuant to the RBI directions vide Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (as amended)(continued)

Particulars	As at 31 March 2023 Amount outstanding
Long term investments	
1) Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2) Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

(e) Borrower group-wise classification of assets financed as in (b) and (c) above :

Category	Secured	Unsecured	Total
1) Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c.) Other related parties	-	-	-
2) Other than related parties	-	24,61,119	24,61,119
Total	**-**	**24,61,119**	**24,61,119**

(f) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

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

(g) Other Information

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Gross Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties	1,19,737	36,479
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	48,287	2,044
(iii) Assets acquired in satisfaction of debt	-	-

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

29 Additional disclosure pursuant to the RBI directions vide Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 (Continued)

(h) Disclosures relating to Securitization:

The information on direct securitization activity as of the company as an originator is shown below:

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
SPVs relating to outstanding securitisation transactions		
Number of SPVs sponsored by the NBFC for securitisation transactions as on the date of the balance sheet	-	1
Total amount of securitised assets as per books of the SPVs sponsored as on the date of the balance sheet	-	85,342
Total amount of exposures retained by the NBFC to comply with minimum retention requirement ('MRR')	-	-
Off-balance sheet exposures		
First loss	-	-
Others	-	-
On-balance sheet exposures		
First loss (cash collateral)	-	8,160
Others (credit enhancement)	-	-
Amount of exposures to securitisation transactions other than MRR		
Off-balance sheet exposures		
Exposure to own securitizations		
First loss	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-
On-balance sheet exposures		
Exposure to own securitizations		
First loss (cash collateral)	-	-
Others	-	-
Exposure to third party securitisations		
First loss	-	-
Others	-	-

(I) Disclosure of liquidity risk

Disclosures required under Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies, dated 4 November 2019, as amended

Particulars	As at 31 March 2023	As at 31 March 2022
i) Funding Concentration based on significant counterparty (both deposits and borrowings)		
Number of significant parties	1	3
Amount of borrowings	4,16,482	7,41,077
% of total liabilities	18%	49%
ii) Top 20 large deposits (amount in ₹ crore and % of total deposits)	Not applicable	Not applicable
iii) Top 10 borrowings		
Amount of total borrowings	18,19,288	13,14,854
% of total borrowings	85%	86%

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

(I) Disclosure of liquidity risk (continued)
iv) Funding Concentration based on significant instrument / product

As at 31 March 2023

Nature of instrument	Borrowing as at 31 March 2023	% of Total Liabilities
Term loans	21,52,740	94.34%
Finance lease	-	0.00%

As at 31 March 2022

Nature of instrument	Borrowing as at 31 March 2022	% of Total Liabilities
Term loans	22,23,251	95.03%
Finance lease	2,740	0.12%

Particulars	As at 31 March 2023	As at 31 March 2022
v) Stock ratio		
Commercial papers as a % of total liabilities	Not applicable	Not applicable
Commercial papers as a % of total assets	Not applicable	Not applicable
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	3	Not applicable
Non-convertible debentures (original maturity of less than one year) as a % of public funds	3	Not applicable
Non-convertible debentures (original maturity of less than one year) as a % of total assets	3	Not applicable
Other short-term liabilities as a % of total liabilities	40%	35%
Other short-term liabilities as a % of public funds	42%	37%
Other short-term liabilities as a % of total assets	31%	29%

vi) Institutional set-up for Liquidity Risk Management

The Board of Directors of the Company has an overall responsibility and oversight for the management of all the risks, including liquidity risk, to which the Company is exposed to in the course of conducting its business.

The Board of Directors approves the constitution of the Risk Management Committee (RMC) for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company.

The meetings of RMC will be held on periodical basis. Further, the Board of Directors also approves constitution of RMC , which functions as the strategic decision-making body for the asset-liability management of the Company from risk-return perspective and within the risk appetite and guard-rails approved by the Board.

The main objective of RMC is to assist the Board in effective discharge of the responsibilities of asset-liability management, market risk management, liquidity and interest rate risk management and also to ensure adherence to is tolerance/limits set up by the Board. RMC provides guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds. RMC meetings are held at regular intervals and the committee shall place the minutes of the meeting before the Board of Directors in its next meeting for its perusal/ratification.

Note
1. A “Significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFCNDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.
2. Total Liabilities has been computed as Total Assets less Equity share capital less Reserve & Surplus.

30 Information on Net Interest Margin

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Average interest (a)	20.90%	21.32%
Average cost of borrowing (b)	13.60%	14.13%
Net interest margin (a-b)	7.30%	7.19%

31 Contingent liability and commitment

a) Credit enhancements (cash collateral and principal subordination) provided by the Company towards securitisation transactions and direct assignment aggregating to Nil (31 March 2022 ₹ 81.59 Lakhs).

b) During the financial year 2019-20 the Company has received a notice U/s 143(3) from Central Circle 1 Madurai dated 21 December 2019 based on the search U/s 152A of Income Tax Act, 1961 in group company, the assessing officer issued a demand notice amounting to ₹ 1.59 Crores.. The Company has appealed the order at CIT(A), Chennai. The management is confident and believe there will not be any potential impact to the Company, accordingly no provision is required to be made in the financial statements.

c) Commitment towards capital expenditure as at 31 March 2023 is Nil (Previous year: Nil).

32 The Company has operating leases for office premises and the lease arrangements for a period less than 12 months. These leases are cancellable mutually by either party to the agreement.

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Lease expense during the year, representing the minimum lease payments	13,176	11,240

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2023
(All amounts are in thousands of Indian Rupees (₹), unless otherwise stated)

33 Corporate social responsibility

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
(a) amount required to be spent during the year	931	1,315
(b) amount of expenditure incurred	931	1,315
(c) shortfall at the end of the year	-	-
(d) total of previous years shortfall	-	-
(e) Nature of CSR activities,	Distribution of note books and food	Distribution of medical kits, School renovation, food and releif and other donations
(f) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-

Particulars	In cash	Yet to be paid	Total
For the Year ended 31 March 2023			
On Construction/acquisition of any asset	-	-	-
On purposes other than as specified above	931	-	931
For the Year ended 31 March 2022			
On Construction/acquisition of any asset	-	-	-
On purposes other than as specified above	1,315	-	1,315

34 The Company has neither advanced nor received any funds, guarantees, securities, etc., to or from any entity which shall be further invested or advanced on behalf of the Utilmate Beneficiaries.

35 The Company does not have any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

36 Other disclosures of Schedule III (revised) of the Companies Act, 2013 are not applicable for the current period, hence not disclosed.

This is the summary of significant policies and other explanatory information referred to in our report of even date

For **M/s V Narayanan & Co**
Chartered Accountants
Firm Registration No:002398S

Vaidyanathan N A
Partner
Membership No: 209256

Place: Tirunelveli
Date: 23 June 2023

For and on behalf of Board of Directors of
Magalir Micro Capital Private Limited

Fathurabbani Sadiq
Managing Director
DIN: 00682761

Seena Cheppala Rajan
Director
DIN: 07244374

S Neelakandan
Company Secretary
Membership No: FCS-8492

Place: Tirunelveli
Date: 23 June 2023

MAGALIR MICRO CAPITAL PRIVATE LIMITED
CIN: U65923TN2015PTC101965
Registered Office: No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002.

Attendance Slip

Registered Folio	
Name	
Address of Shareholder	

I/We hereby record my/our presence at the 8th Annual General Meeting of the Company at Registered Office of the Company at No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli – 627002 on Monday the 11th day of September, 2023 at 11.00 A.M.

Signature of Shareholder / Proxy Present ………………………………………………….…….

Note:

1. You are requested to sign and hand this over at the entrance.

2. If you are attending the meeting in person or by proxy, please bring copy of notice and annual report for reference at the meeting.

MAGALIR MICRO CAPITAL PRIVATE LIMITED
CIN: U65923TN2015PTC101965
Registered Office: No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002.

Form No. MGT-11
Proxy form

[Pursuant to section 105 (6) of the Companies Act, 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the company	M/s. MAGALIR MICRO CAPITAL PRIVATE LIMITED
Registered Office	No. 1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002

Name of the Member(s)	
Registered Office	
E-mail Id	
Folio No /Client ID	
DP ID	

I/We, being the member(s) of ____________shares of the above named company, hereby appoint

Name :	
Address:	
E-mail Id:	
Signature , or failing him	

Name :	
Address:	
E-mail Id:	
Signature , or failing him	

Name :	
Address:	
E-mail Id:	
Signature	

as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 8th Annual General Meeting of the company, to be held on the 11th day of September, 2023 at 11.00 A.M. at the Registered office of the company and at any adjournment thereof in respect of such resolutions as are indicated below:

MAGALIR MICRO CAPITAL PRIVATE LIMITED
CIN: U65923TN2015PTC101965
Registered Office: No.1D, 3rd Floor, Noor Sait Plaza, Near New Bus Stand, Thiruvananthapuram Road, Palayamkottai, Tirunelveli - 627002.

Resolution No	Resolution	Type of resolution
	Ordinary Business	
1	Adoption of audited financial statements for the year ended 31st March 2023	Ordinary

Signed this _____day of _____20___

Signature of Shareholder

Affix Revenue Stamps

மகளிர்க்காக

என்றென்றும்...

UDHUMAN