

ONE FAMILY; ONE WOMAN ENTREPRENEUR

WE AIM AT

Having 400 branches in all over India and abroad with a portfolio size of Rs. 1,000 crores and a client base of 5.00 lakhs by March, 2025 and shall become a Bank.

VISION

Act as a catalyst to provide the best financial services to improve the social and economic status of the people.

MISSION

To provide appropriate financial products and other support services to improve the social and economic status of the people in economic backwardness across India and Abroad.

OBJECTIVES

The main object of the company is to carry on the service of providing financial support to the poor women enabling them to venture into micro enterprise activities to improve their standard of living.

AUDITORS

❖ M/s. S. Chenthil Kumar & CO., (FRN:014510S)

CONSULTANTS

❖ MR. A. JOHN MORRIS, CA

❖ MR. T. BALASUBRAMANIAN, ACS

EXECUTIVES

❖ MR. S. CHARLES SELVARAJ, B.Phil., M.Com., MBA., AICWA

❖ MR. P. STEPHEN, MBA., M.Com., B.Ed., DMF

❖ MR. C. BARATHA KRISHNAN, M.Sc., CAIIB

❖ MR. R. KANAGAVEL B.Com.,

❖ MRS. SHARMA KIRTI, ACS

- MANAGING DIRECTOR & CEO

- GENERAL MANAGER

- CHIEF ADMINISTRATIVE MANAGER

- AUDIT & RISK MANAGER

- COMPANY SECRETARY

STAFF TEAM APART FROM EXECUTIVES

❖ FUND DEPARTMENT - 1

❖ HR DEPARTMENT - 1

❖ IT DEPARTMENT - 1

❖ MIS DEPARTMENT - 1

❖ ACCOUNTS DEPARTMENT - 6

❖ RECOVERY DEPARTMENT - 5

❖ OPERATION DEPARTMENT - 11

❖ DIVISIONAL MANAGERS - 1

❖ AREA MANAGERS - 3

❖ AUDIT MANAGERS - 4

❖ BRANCH MANAGERS / ABM - 19

❖ CREDIT OFFICERS - 18

❖ FIELD OFFICERS - 83

❖ OFFICE ASSISTANT/HOUSEKEEPING - 2

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FROM THE DESK OF MANAGING DIRECTOR

Dear Shareholders,

It is my pleasure to present this 14th Annual Report. One Family; One Woman Entrepreneur” is the motto and the company is doing the microfinance services in line with the motto. RBI has come across with revised guidelines for microfinance services, making the rule same for all players in the field. The new guidelines shall be effective from 01st April, 2022. Our company has taken all necessary action to comply fully with the new guidelines.



We had come across second wave of Covid-19 this year. The second wave was more severe than the first wave of Covid-19 in rural areas, especially in Southern States of India. Number of affected people and the number of deaths were high. It much affected the livelihood of the poor people in Tamilnadu, Pondichery, Kerala etc., where our company has branches. We had to give moratorium for our clients for six months from April, 2021 to September, 2021. We started business again from September, 2021 onwards. The recovery had reached normalcy in the subsequent months. Credit Guarantee Scheme announced by Central Government for Microfinance Institutions helped us to avail Term loans from Banks. The Term Loans from Banks helped the company to bring the loan asset size to Rs.53.14 crores by the end of the year. We retained all our employees and were able to earn the profitability as we had in the previous year, even amidst of business down turn due to covid-19, by reducing expenditure especially the finance cost.

Care Edge Advisory (formerly CARE Group), has awarded MFI grading of “M2” (in a scale of 5 points from M1 to M5 where M5 is least performance) which means good operational and financial performance.

We have additional MFI grading awarded by IRR Advisory, which awarded grading of “M2” (in a scale of 8 points from M1 to M8) which means very good operational and financial performance. Brickwork Ratings India Pvt. Limited has assigned rating of “BWR BBB -” which means your company is with moderate degree of safety and carries moderate credit risk. The upscale of rating and the MFI grading would enable funding opportunity scaling up of business in the coming year.

We have entered MoU with TATA Capital Limited, a company of TATA Sons group, for doing microfinance in Karnataka State under Business Correspondent Model. It is a great privilege. This enabled us to widen our geographical presence to one more state - Karnataka.

I would like to thank each and every shareholder, Board of Directors, well wishers, Banks and other Financial Institutions Regulatory SRO, Government Organization and staff members of the company for the contributions in carrying out the immense service of economic empowerment of women and families with lower income.

S. CHARLES SELVARAJ
MANAGING DIRECTOR & CEO

BOARD REPORT TO THE SHAREHOLDERS

To
The Shareholders,

Notice is hereby given that the 14th Annual General Meeting of the members of the Company M/s. Virutcham Microfinance Limited will be held on Monday the 29th day of August 2022 at 11.00 A.M at the registered office of the company at Plot No.1, Mullai Tower, Mullainagar South, Thanakkankulam, Tirunagar, Madurai-625 006, to transact the following business:

I. ORDINARY BUSINESS:

ORDINARY RESOLUTION

1. ADOPTION OF AUDITED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022.

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

“RESOLVED THAT pursuant to section 134 of the Companies Act 2013, the audited balance sheet of the company as on 31st March 2022 and the Profit and Loss account for the year ended 31st March 2022 together with the Directors report and the Auditor’s report be and hereby approved and adopted.”

2. TO TAKE NOTE OF THE APPOINTMENT OF AUDITORS

The Shareholders to note the appointment of M/s S. Chenthilkumar & Co, Chartered Accountants (FRN: 014510S) as the Statutory Auditors of the Company who were appointed for a period of five years from 2021 up to the 18th Annual General Meeting at a remuneration to be fixed by the Audit Committee and /or the Board of Directors of the Company.

3. TO APPROVE BORROWING IN EXCESS OF PAID-UP CAPITAL AND FREE RESERVES:

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

“RESLOVED THAT in supersession of all the earlier resolutions passed and pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any of the Companies Act, 2013 read with Companies (Meetings of Board and its powers) Rules, 2014 including any statutory modification(s) thereto or re-

enactment(s) thereof, the consent of the members of the company be and is hereby accorded to the board of directors of the company to borrow money, as and when required from Banks, financial institutions, foreign lenders, any corporate entities, authorities, through suppliers credit, through any other instruments either in Indian rupees or in such other foreign currencies as may be permitted under law from time to time, notwithstanding that money so borrowed together with the monies already borrowed by the company, if any apart from temporary loans obtained from the company's bankers in ordinary course of business, may exceed the aggregate of the Paid-up Capital of the company and its free reserves, provided that the total amount so borrowed by the Board shall not at any time exceed 7 times (seven times) of net worth of the company or limits as prescribed under section 180(1)(c), as may be amended from time to time, whichever is higher.

4. TO APPOINT A DIRECTOR IN THE PLACE OF MR. DEVESAHAYAM ASHOKAN (DIN: 07031456) WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR REAPPOINTMENT

To appoint who retires by rotation, being eligible, he has offered himself for re-appointment as a Director of the Company.

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

“RESOLVED THAT Mr. Devesahayam Ashokan (DIN: 07031456) be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

II. SPECIAL BUSINESS

SPECIAL RESOLUTION

5. REAPPOINTMENT OF MR. ANTONY CRUZ (DIN: 06995604) INDEPENDENT DIRECTOR FOR THE SECOND TERM OF THREE YEARS.

“RESSOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 (‘the Act’) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications or re-enactment thereof for the time being in force), Mr. Antony Cruz (DIN: 06995604), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for three consecutive years for a term from the AGM to be held in the year 2022 to the AGM to be held in the year 2025, and whose office shall not be liable to retire by rotation.

6. REMUNERATION OF MANAGING DIRECTOR

To approve increase in remuneration to Mr. Charles Selvaraj Managing Director for the period from July 1, 2022 to June 30, 2024:

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V and other applicable Provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the Rules framed there under, (including any statutory modifications or re-enactment thereof, for the time being in force) and the Articles of Association of the Company and subject to such other approvals as may be necessary, the approval of the Members be and hereby accorded for the revision of payment of the remuneration to Mr. S. Charles Selvaraj (DIN: 07640803), Managing Director, for the period of two years viz., from July 1, 2022 to June 30, 2024, which shall in no case exceed ten percent of the Net Profits of the Company;

“RESOLVED FURTHER THAT the terms of remuneration as set out in the Explanatory Statement of this Resolution shall be deemed to form part hereof and in the event of any inadequacy or absence of profits in any financial year or years, the aforementioned remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Managing Director, subject to such other approvals as may be necessary;

“RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members vide dated 16th February, 2019 with respect to the appointment of Mr. S. Charles Selvaraj (DIN: 07640803), Managing Director shall continue to remain in full force and effect; and

“RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to vary and/or revise the remuneration of Mr. S. Charles Selvaraj (DIN: 07640803), Managing Director within the overall limits under the Act and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid Resolution.”

Place: Madurai

By and on behalf of the board

Date: 02.08.2022

For VIRUTCHAM MICROFINANCE LIMITED

SOOSAI CHARLES SELVARAJ
Managing Director (DIN: 07640803)

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll on his/her behalf and the proxy need not be a member of the company. Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share Capital of Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours (Sunday is included in computation of 48 hours) before the commencement of the Meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.
2. Corporate members intending to send their authorised representatives to attend the annual general meeting are requested to send to the company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the annual general meeting.
3. A statement pursuant to Section 102(1) of the companies Act 2013, relating to the special businesses to be transacted at the annual general meeting is annexed hereto.
4. In case of joint holders attending the annual general meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who have not registered their E-mail addresses so far are requested to register their email address for receiving all communication including annual report, notices, circulars, etc. from the company electronically
6. Quorum of the annual general meeting shall be in accordance with section 103 of the Company Act 2013.
7. The members/proxies should bring their proxy form and attendance slip, sent herewith, duly filled in, for attending the meeting as mentioned in Annexure A and Annexure B of this notice.
8. In terms of the requirements of the secretarial standards-2 on “general meetings” issued by the institute of the company secretaries of India and approved & notified by the central government, route map for the location of the aforesaid meeting is enclosed as Annexure C.

Place: Madurai

Date: 02.08.2022

By and on behalf of the board

For VIRUTCHAM MICROFINANCE LIMITED

SOOSAI CHARLES SELVARAJ

Managing Director (DIN: 07640803)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013
ANNEXED TO THE NOTICE DATED 15.06.2022**

3. Confirming Borrowing Powers:

The company being a Micro Finance Institution has to borrow from multiple Banks / Financial Institutions and other form of entities for on lending to its customers. Sufficient borrowing powers are required to proceed to approach various Banks and Financial Institutions. As the company is in growth trend and as new stakeholders are coming in, confirmation of borrowing power is sought.

None of the directors is interested in this proposal.

5. Reappointment of Mr. Antony Cruz (DIN: 06995604) Independent Director for the second term of three years.

The members of the Company, at the 11th Annual General Meeting held on 23rd September, 2019 approved the appointment of Mr. Antony Cruz as an Independent Director of the Company, whose term is due to expire by the AGM to be held on 29th August, 2022.

Section 149(11) of the Companies Act, 2013 an independent Director can be appointed only for two consecutive terms of 5 years on the Board of a company, but shall be eligible for reappointment on passing a special resolution by the Company for another term of up to five consecutive years on the Board of a Company. MCA circular no. 14/2014 dated 9th June, 2014 clarifies that Independent Director can be appointed for less than 5 consecutive years.

In line with the aforesaid provisions of the Companies Act 2013 and in view of long experience, continued valuable guidance to the management and strong board performance of Mr. Antony Cruz, it is proposed to re-appoint him for the second term as an Independent Director on the Board of Virutcham Microfinance Limited for a period of three years up to the Annual General Meeting to be held in the year 2025.

Except Mr. Antony Cruz, none of the other Directors are interested in the resolution.

6. Remuneration of Managing Director

The Members of the Company vide Resolution dated 16th February, 2019, had re-appointed Mr. S. Charles Selvaraj as the Managing Director of the Company for tenure of five years effective from 16.02.2019 to 15.02.2024. Pursuant to Section II of Part II of Schedule V to the Companies Act, 2013, the remuneration payable to Mr. S. Charles Selvaraj was approved for a period of five years w.e.f., 16.02.2019 to 15.02.2024. The approval of the Members pursuant to Section 197(1) of the Companies Act, 2013 as amended from time to time is now sought for revision of the remuneration payable to Mr. S. Charles Selvaraj (DIN: 07640803), Managing Director of the Company for the period from July 1, 2022 to June 30, 2024.

The remuneration proposed to be payable to Mr. S. Charles Selvaraj (DIN: 07640803), Managing Director is Rupees Two Lakhs as monthly salary and Rupees Twenty-five thousand per month as TA. The revision shall be with effect from 01st July, 2022 as recommended by the "Nomination and Remuneration Committee of the Board".

None of the directors are interested except Mr. S. Charles Selvaraj.

Place: Madurai

By and on behalf of the board

Date: 02.08.2022

For VIRUTCHAM MICROFINANCE LIMITED

SOOSAI CHARLES SELVARAJ
Managing Director (DIN: 07640803)

DIRECTORS REPORT TO THE SHAREHOLDERS

To

The Members,

Your Board of directors takes pleasure in presenting their 14th Annual Report on the business and operations of the Company and the accounts for the Financial Year ended Marchst 31, 2022.

Your Company, Virutcham Microfinance Limited is a Micro Finance Institution (MFI) regulated & controlled by Reserve Bank of India (RBI) providing micro finance to the low-income group.

1. FINANCIAL RESULTS

Particulars	For the financial year ended 31.03.2022 in Rupees	For the financial year ended 31.03.2021 in Rupees
Gross Revenue	11,31,31,130	14,06,15,523
Profit Before Tax	1,65,00,179	1,58,62,809
Profit After Tax	1,15,91,423	1,06,79,341
Transfer of Statutory Reserves	23,18,285	21,35,868
Balance Carried Forward to General Reserve	92,73,138	85,43,473

2. DIVIDEND

To maintain a healthy Net worth & capital Adequacy ratio, the Board proposed to retain profits in to the business itself and does not offer to declare dividend on the equity shares of the company.

3. RESERVES

Depreciation transferred to General Reserve. As per the statutory requirement under Section 45-IC of the Reserve Bank of India Act, 1934 an amount not less than 20% of the profit after tax to be transferred to Statutory Reserve.

4. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR AND STATE OF COMPANY'S AFFAIRS

Industry's Overview:

The year 2021 - 22 was another one tough year; the Company and the MFI industry had experienced great challenges in this year also. Since the emergence 2nd wave of COVID cases in India, every business impacted including the microfinance industry. Severity of 2nd wave high than the 1st wave in rural areas, especially in the Southern States of India. Business and services were creeping and

economic activities were slowed down. Kerala Government had allowed the MFIs to function only three days in a week. District Administrations in Tamilnadu and Pondichery had laid restrictions on the collection activities of MFIs. The Government started free COVID vaccination at large in every region which was a vital relief to people of India and prioritising the same for each segment of society. The Government further introduced various relief measures to revive the economy, which includes loan moratorium, liquidity support like Credit Guarantee Scheme, restructuring measures, compliance relief, etc., to manage the economic loss to the industry.

Company Overview

Your Company focused on low-income segment having potential growth in micro finance. Your company's credit Portfolio comprises of 100% retail advances Income Generation programs of low-income people with average ticket size of Rs.30,000 with high share of low-risk customers. Your company maintained qualifying asset of 87.23% as on 31.03.2022 against the RBI prescribed limit of 85%. The Asset quality is very high with NPA 1.30% for the year ended March 31, 2022.

GRADING AND RATING

- Care Edge Advisory (formerly CARE Group), a rating agency, has awarded a grading of "M2" (in a scale of 5 points from M1 to M5 where M5 is least performance) which means good operational and financial performance.
- IRR Advisory, which awarded grading of "M2" (in a scale of 8 points from M1 to M8) which means very good operational and financial performance.
- Brickwork Ratings India Pvt. Limited has assigned rating of "BWR BBB-" which means your company is with moderate degree of safety and carry moderate credit risk.

CAPITAL ADEQUACY

The capital adequacy ratio of the company as on 31st March, 2022 was at a higher level of 38.78% as against 15% as per the RBI minimum capital adequacy requirement.

LOAN OBTAINED AND DISBURSED

During the year under review the company has obtained funds amounting to Rs.36.00 crores. The company has disbursed loans to 13,534 members during the year under review amounting to Rs.43.39 crores. Average loan size of the company is Rs. 32,059.

Asset under management

The total loan asset under management of the company is Rs.53.14 crores which is 4% higher than the previous year loan assets of the company. There was reduction in loan assets due to the impact of pandemic and lockdown which affected business throughout the globe.

Impact of COVID -19 – 2nd Wave:

FY 2021-22 was affected by second wave of COVID – 19 and the impact was much affecting rural people also, especially the southern states of India. Your Company was also impacted due to the above and took various important steps to tide over the crisis which is described below:

Ensuring wellbeing of our customers and their immediate family members as well as our employees and providing all necessary assistance to them were given top priority by VML during the difficult period.

Moratorium policy as mandated by RBI was reviewed by the Board and the approval by board of directors was made available to the customers. This helped the customers tide over their temporary financial issues resultant of the lockdown and the pandemic impact on businesses. Due to the widespread of COVID-19 and social distancing norms and consequential restrictions linked thereto your company also faced lock-down, travel restriction and various government advisories which hindered the progress of the business; however, the loan recovery was good. Our excellent collection mechanism focused on collections thus helped to improve the collection efficiency to 96% in March 2022. This is the average of the industry norms during this period. The potential for growth looks positive.

RBI has revised the guidelines for microfinance services, making the rule same for all players in the field to be effective from 1st April, 2022 and to implement these directions completely at the earliest on best effort basis, but not later than October 1, 2022. Your company has taken all required changes in systems and procedure in loan processing, collection practices, changes in the software, credit reporting to CICs etc., in line with the guidelines. The company has duly complied with the regulatory and statutory requirements of the Regulators including RBI, MCA, Income tax and other departments also complied with the code of responsible lending launched by Sa-Dhan.

5. CHANGE IN THE NATURE OF BUSINESS, IF ANY

There is no change in the nature of the business of the company.

6. MATERIAL CHANGES AND COMMITMENTS

There are no such material changes occurred after the close of the financial year of the Company to which the Balance Sheet related to and the date of this report like settlement of tax liabilities, major loan pre-closure, changes in the market or regulatory conditions, the institution of cases by or against the company, sale or purchase of capital assets or destruction of any assets, changes in the business, assets, condition (financial or otherwise) or results of operations of the Company taken as a whole which is likely to have an impact on the business of the Company.

7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

During the year under review there has been no such significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

8. INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.

The Board has adopted policies and procedure for ensuring the orderly and efficient conduct of its business operations, including adherence to the company's policies, safeguarding of its assets, prevention and detection of fraud, error reporting mechanism, accuracy and completeness of the accounting record and timely preparation of reliable financial disclosures. In addition to the Internal Controls on Operations, the Board has laid emphasis on adequate internal financial control to ensure that the financial affairs of the Company are carried out with due diligence. Apart from Internal Audit function which scrutinises all the financial transactions, there are also processes laid down, leading to CEO/CFO certification to the Board on the adequacy of Internal Financial Control as well as internal control over financial reporting.

9. DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

As on 31-March-2022, the Company does not have any subsidiary/Joint Ventures/Associate Companies.

10. STATUTORY AUDITORS

M/s. S. Chentilkumar & Co Chartered Accountants, (FRN: 014510S) as Statutory Auditors of the Company.

11. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORT

There were no comments on qualifications, reservations or adverse remarks made by the Statutory Auditors and the Company Secretary in their reports.

12. SHARE CAPITAL

The paid-up Equity Share Capital as on 31st March, 2021 was Rs.15,02,43,350/- divided in to 1,50,24,335 equity shares of Rs.10/- each. During the year under review, the company has not issued any equity shares. The company has paid up Equity Share Capital of Rs.15,02,43,350/- divided in to 1,50,24,335 equity shares of Rs.10/- each as on 31st March, 2022.

The Company has

a. Not issued any equity shares with differential rights during the financial year.

- b. Not issued any sweat equity shares during the financial year.
- c. Not issued any employee stock options during the year.
- d. Not advanced any money /loans to any person to purchase its own shares

13. EXTRACT OF THE ANNUAL RETURN

The extracts of the Annual Return in Form No. MGT - 9, pursuant to the provisions of section 92(3) read with rule 12(1) of the companies (Management and Administration) Rules, 2014 may be accessed at the company's website at the link <https://virutcham.org/mgt-9>

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology, absorption and foreign exchange earnings and outgo as required under Section 134 (3) of the Companies Act, 2013 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988, are not applicable for the year ended 31st March 2022. The company has not taken substantial steps in this direction.

15. BUSINESS RISK MANAGEMENT POLICY

Board has formulated and implemented risk management policy for the Company which enables identification of elements of risk, which may threaten the existence of the company. Procedures have been put in place to mitigate the risks pertained to the microfinance industry.

16. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Corporate Social Responsibility provisions are not applicable to the Company.

17. DIRECTORS

The following are the Directors of the Company: Mr. Devesahayam Asokan, Mr. Soosai Charles Selvaraj, Mr. Rayans Pillai Joshua, Mr. Alex Francisco Nicholas and Mr. A Cruz Antony.

A) Changes in Directors

1. Mr. Devesahayam Ashokan (DIN: 07031456), who retires by rotation and being eligible, offers himself for re appointment as a director.
2. Mr. Antony Cruz, Independent Director completes his three years term of Directorship with the AGM to be held in the year 2022 and offered for reappointment for another term of three years and the offer was accepted by the Board of Directors.

There are no changes in the Directors and Key Managerial Personnel

B) Declaration by an Independent Director(s) and Re- appointment, if any:

In accordance with section 149 (7) of the companies Act 2013, Mr. Rayans Pillai Joshua and Mr. Antony Cruz Independent Directors have given a written declaration to the company confirming that they meet the criteria of the independence as mentioned under the Act.

C) Formal Annual Evaluation

Not Applicable to the company, it has not reached the prescribed threshold of share capital.

18. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2021-22, the following Board Meetings were held, details of which are as follows:

SN	Dates of Board Meeting	Strength of Board Meeting	Number of Directors attended
1	30.04.2021	5	4
2	04.08.2021	5	5
3	03.12.2021	5	4
4	28.03.2022	5	4

SN	Name of Director	Position / Category	Number of other Directorship
1	Mr. Devesahayam Ashokan	Chairman and Non-Executive Director	1
2	Mr. S. Charles Selvaraj	Managing Director	0
3	Mr. Rayans Pillai Joshua	Independent Director	1
4	Mr. Alex Francisco Nicholas	Non-Executive Director	0
5	Mr. Antony Rayappan A Cruz Antony	Independent Director	1

b) Declaration by Independent Director(s)

A declaration from the two Independent Directors that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 has been obtained and placed before the Board to take on record.

19. AUDIT COMMITTEE

The Audit Committee met 4 times during the year. The composition of an Audit Committee is given in the table below.

SN	Names of Director	Position/Category
1	Mr. Rayans Pillai Joshua,	Chairman of the Audit Committee
2	Mr. Devesahayam Asokan	Member
3	Mr. Antony Rayappan A Cruz Antony	Member

20. NOMINATION AND REMUNERATION COMMITTEE

Nomination and remuneration committee is applicable for the companies having a paid-up capital of Rs.100 crores or more. Though the company does not fall under that criterion the company has constituted Nomination and Remuneration Committee. The Committee has 3 directors as members and chaired by a Non-Executive Director. The company reviews the appointment of new directors and key personal, remuneration payable to them etc., and gives its recommendation to the Board of Directors

21. VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

The company's borrowings have not exceeded the prescribed limit of Rs.50 crores hence the establishment of vigil mechanism for directors and employees is not applicable. However, the Operations Manual of the Company clearly spells out the Vigil Mechanisms for its employees.

22. LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company is a Non-Banking Financial Company classified as NBFC-MFI and the principle business of the Company is to provide micro loans to low-income group. Hence, Section 186 will not be applicable to your Company. The Company has not entered into any such transaction as prohibited under section 186(1) and 186(2).

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

During the year, the Company has not entered into any contracts/arrangements with related parties referred to in section 188(1) of the Companies Act, 2013. Hence disclosure in Form AOC- 2, pursuant to section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 is not applicable.

24. MANAGERIAL REMUNERATION:

A) Details of the ratio of the remuneration of each director to the median employee's remuneration and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Since it is not a listed company it is not applicable.

(B) Details of every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration of the Employees of the Company is well below the threshold of amount required to be disclosed in the report.

(C) Any director who is in receipt of any commission from the company and who is a Managing Director Whole-time Director of the Company shall receive any remuneration or commission from any Holding Company or Subsidiary Company of such Company subject to its disclosure by the Company in the Board's Report.

None of the directors have entered into any such transactions so as to be reported.

(D) The following disclosures shall be mentioned in the Board of Director's report under the heading "Corporate Governance", if any, attached to the financial statement-

1. All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc., of all the directors;
2. Service contracts, notice period, severance fees;
3. Stock option details, of any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable; **NIL**

25. SECRETARIAL AUDIT REPORT

The company does not have the prescribed paid-up capital limit of Rs.50 crores or more; therefore, secretarial audit report is not applicable to the company.

26. CORPORATE GOVERNANCE CERTIFICATE

Since the company is not a listed company corporate governance certificate is not applicable

27. FRAUD REPORTING

There have been no complaints received and there are no instances of material frauds reported

28. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT 2013

The Company has in place a Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace and an Internal Complaint Committee in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made there under for reporting and conducting inquiry into the complaints made by the victim on the harassments at the workplace. The functioning of the Committees was carried out as per letter and spirit of the provisions of the Act.

29. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to section 134 (3) read with section 134 (5) of the companies Act 2013, your Directors confirm that:

1. In the preparation of the annual accounts for the year ended 31st March 2022, the applicable accounting standards had been followed.
2. The Directors had selected such accounting policies and applied them consistently and made judgements 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 financial year and of the profit or loss of the company for that period.
3. 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.
4. The annual accounts have been prepared on a going concern basis.

30. ACKNOWLEDGEMENT

Your directors wish to convey their gratitude and place on record their appreciation for all the employees at all levels for their hard work, solidarity, co-operation and dedication during the year. Your directors sincerely convey their appreciation to its customers, shareholders, vendors, bankers, business associates, regulatory and government authorities for their continued support.

For and behalf of the Board of Directors - Virutcham Microfinance Limited

Place: Madurai

Date: 29.08.2022

Managing Director

(DIN-07640803)

Chairman

(DIN- 07031456)

FUNDING PARTNERS





NABARD Financial Services Limited

WesternCapital
ADVISORS PVT LTD



REPORTS ON OPERATIONS

Data given below in the table shows the business growth trend of the company over the last 5 Years.

PARTICULARS	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
NUMBER OF BRANCHES	9	11	18	18	18
NUMBER OF STAFF MEMBERS	74	92	159	151	159
NUMBER OF FIELD STAFF	36	48	90	76	83
NUMBER OF CENTERS / GROUPS	1,299	2,835	3,848	4,397	4,377
NUMBER OF ACTIVE CLIENTS	12,055	24,168	31,726	37,572	32,080
PRINCIPAL OUTSTANDING (Rs. IN LAKHS)	2,753.54	5,167.08	6,081.58	5,110.96	5,313.55
LOAN DISBURSEMENT DETAILS					
DISBURSED LOAN ACCOUNTS	1,087	2,305	2,573	1,278	2,774
NUMBER OF CLIENTS	10,089	19,525	20,423	8,658	13,534
DISBURSED LOAN AMOUNT (Rs. IN LAKHS)	3,052.90	5,764.85	6,630.94	3,133.60	4,339.05
CUMULATIVE LOAN ACCOUNTS	3,910	6,215	8,788	10,066	12,840
CUMULATIVE LOAN MEMBERS	41,030	60,555	80,978	89,636	1,03,170
CUMULATIVE LOAN AMOUNT (Rs. IN LAKHS)	8,239.98	14,004.83	20,635.77	23,769.37	28,108.42
PRODUCTIVITY					
AVERAGE ACTIVE CLIENTS PER BRANCH	1,339	2,197	1,763	2,087	1,782
AVERAGE ACTIVE CLIENTS PER FIELD STAFF	335	503.50	352.51	494.37	386.51
AVERAGE LOAN DISBURSEMENT PER BRANCH (Rs.IN LAKHS)	339.21	524.08	368.39	174.09	241.06
AVERAGE LOAN DISBURSEMENT PER FIELD STAFF (Rs.IN LAKHS)	84.8	120.10	73.68	41.23	52.28
AVERAGE LOAN OUTSTANDING PER BRANCH (Rs.IN LAKHS)	305.95	469.73	337.87	283.94	295.20
AVERAGE LOAN OUTSTANDING PER FIELD STAFF (Rs.IN LAKHS)	76.49	107.65	67.57	67.25	64.02
AVERAGE LOAN DISBURSEMENT PER CLIENT (Rs.IN LAKHS)	0.30	0.30	0.32	0.36	0.32

BRANCHWISE PORTFOLIO OUTSTANDING AS ON 31st MARCH 2022

The company is in operational in two states and a Union Territory namely Tamil Nadu, Kerala and Puducherry. We have covered 20 districts. We are having one of the best operational processes guided by the Operational Manual. Selection of clients is done by door step verification of residential stability, proximity to the centre, repayment capacity etc., and eliciting credit history from Credit Bureau Report.

The following table gives the details of loan disbursement, active centers, active clients, Principal Outstanding (POS) against each branch. The Portfolio is 53.14 crores in 31st March, 2022.

S. No	Branch Name	# Centers	# Active Clients	% Of Active Clients	Loan Amount Disbursement 2021-2022 (In Cr)	POS AS ON 31-03-2022 (In Cr)	% Of Branch POS to total POS
1	Porur	295	2,466	7.69%	239.6	344.42	6.48%
2	Jayankondam	357	3,020	9.41%	483.8	594.29	11.18%
3	Sathankulam	203	1,275	3.97%	148.9	239.77	4.51%
4	Madurai	241	1,522	4.74%	168.9	184.61	3.47%
5	Pudukottai	248	1,647	5.13%	150.2	183.38	3.45%
6	Tirunelveli	282	1,896	5.91%	240.65	316.85	5.96%
7	Urapakkam	319	2,398	7.48%	348	400.61	7.54%
8	Parasalai	286	1,942	6.05%	179.65	220.27	4.15%
9	Kavalkinaru	186	1,392	4.34%	127.2	207.82	3.91%
10	Tiruvallur	297	2,083	6.49%	355.75	398.92	7.51%
11	Thiruvananthapuram	360	2,225	6.94%	235.25	252.98	4.76%
12	Ochira	172	1,238	3.86%	189.8	216.67	4.08%
13	Mahe	189	1,435	4.47%	215.9	232.6	4.38%
14	Chidambaram	217	1,779	5.55%	318.05	358.19	6.74%
15	Pennadam	170	1,400	4.36%	313.35	324.5	6.11%
16	Arakkonam	123	1,030	3.21%	176.9	216.2	4.07%
17	Thuckalay	278	2,335	7.28%	311.55	460.2	8.66%
18	Gobichettipalayam	154	997	3.11%	135.6	161.26	3.03%
	TOTAL	4,377	32,080	100.00%	4,339.05	5,313.54	100.00%

SECTOR WISE UTILIZATION OF LOAN

The below table give the details of sector wise utilization of loan funds by our clients.

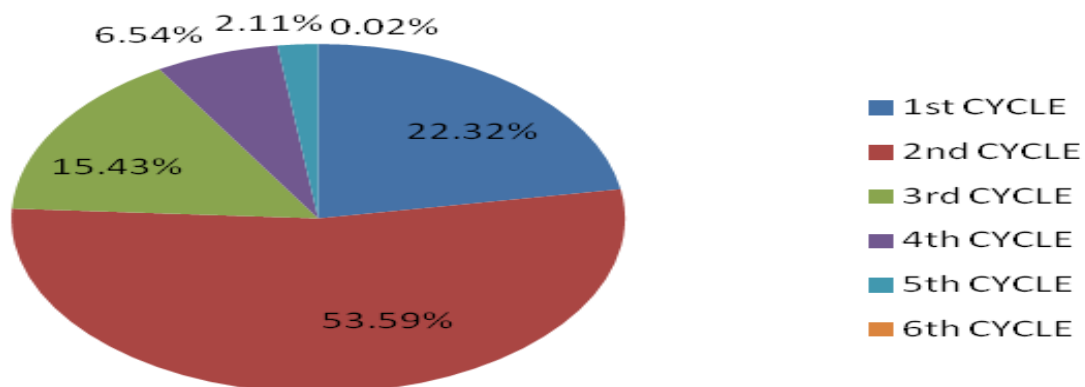
Loan Utilization	# Loans	POS (In cr)	Percentage to Total Portfolio
Agriculture and Agri Allied Activities	14,000	28.72	54.06%
Manufacturing/ Production	8,503	11.60	21.83%
Trading Activities	4,170	6.50	12.24%
Services	5,154	6.09	11.46%
Others	253	0.22	0.41%
Total	32,080	53.14	100.00%

LOAN CYCLE WISE PORTFOLIO BREAK UP

The below table give the details of loan cycle wise Portfolio Break up sector.

LOAN CYCLE	# LOANS	POS (In Cr)	% TO TOTAL PORTFOLIO
1st CYCLE	14,882	1,185.78	22.32%
2nd CYCLE	12,880	2,847.37	53.59%
3rd CYCLE	2,883	819.85	15.43%
4th CYCLE	1,181	347.4	6.54%
5th CYCLE	252	112.13	2.11%
6th CYCLE	2	1	0.02%
TOTAL	32,080	5,313.53	100.00%

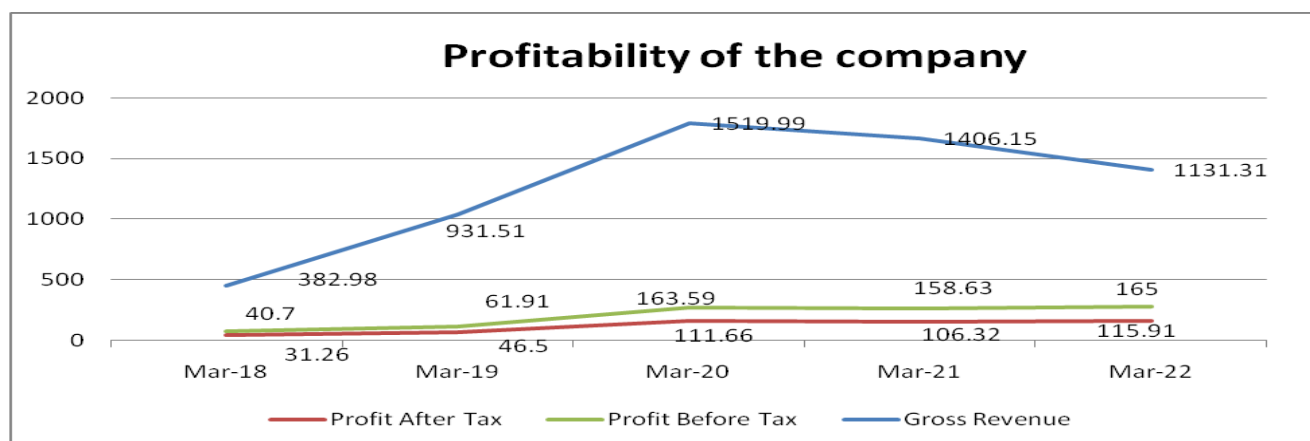
LOAN CYCLE WISE BREAK UP



PROFITABILITY

The Company is taking all the efforts to minimize the cost of funds and increase the profitability.

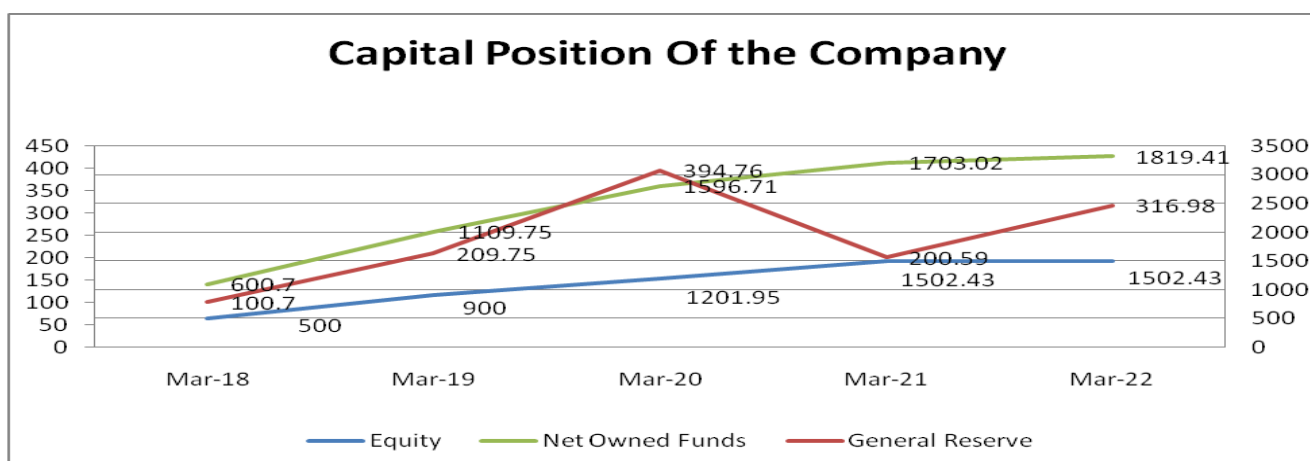
Profitability	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Gross Revenue	382.98	931.51	1519.99	1406.15	1131.31
Profit Before Tax	40.7	61.91	163.59	158.63	165.00
Profit After Tax	31.26	46.5	111.66	106.32	115.91



CAPITAL

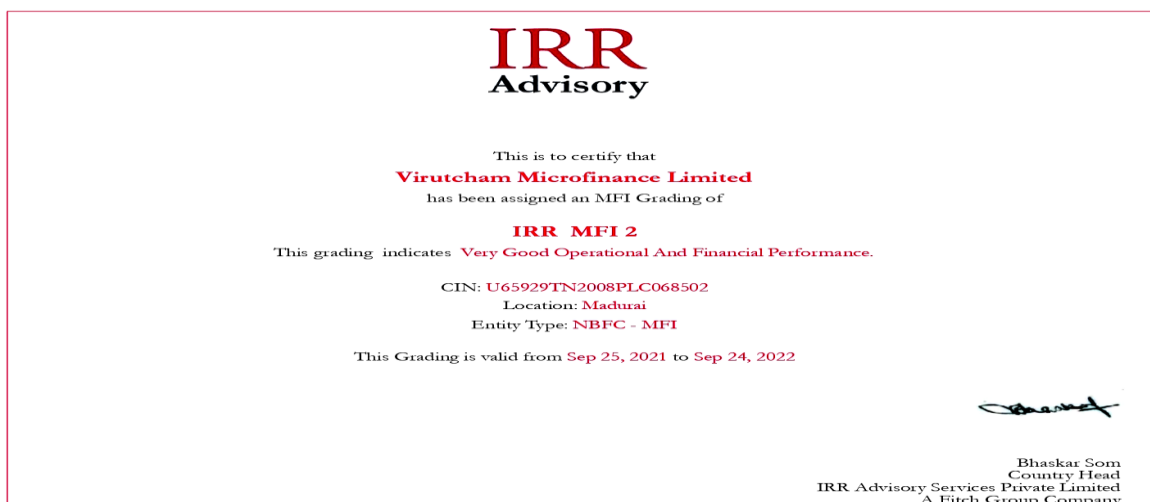
The table below and the line chart show the equity, general reserve and overall net owned funds of the company over the past 5 years.

Capital	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22
Equity	500	900	1201.95	1502.43	1502.43
General Reserve	100.7	209.75	394.76	200.59	316.98
Net Owned Funds	600.7	1109.75	1596.71	1703.02	1819.41



GRADING AND RATING

- IRR (India Rating & Research) awarded grading of 'MFI 2' indicates very good operational and financial performance.
- Care Edge Advisory (formerly CARE Group), a rating agency, has awarded a grading of "M2" which means good operational and financial performance.
- Brickwork Rating has awarded rating of 'BWR BBB -'. The outlook is 'Stable'



Virutcham Microfinance Ltd

CareEdge
ADVISORY

Virutcham Microfinance Limited											
Grading of Micro Finance Institution (MFI)											
Date of Incorporation	8 July 2008	<div>MFI Grading</div> <table><tr><th>Rating</th></tr><tr><td>MFI 1</td></tr><tr><td>MFI 2+</td></tr><tr><td>MFI 2</td></tr><tr><td>MFI 3+</td></tr><tr><td>MFI 3</td></tr><tr><td>MFI 4+</td></tr><tr><td>MFI 4</td></tr><tr><td>MFI 5</td></tr></table>	Rating	MFI 1	MFI 2+	MFI 2	MFI 3+	MFI 3	MFI 4+	MFI 4	MFI 5
Rating											
MFI 1											
MFI 2+											
MFI 2											
MFI 3+											
MFI 3											
MFI 4+											
MFI 4											
MFI 5											
Year of Commencement of MFI Business	2008										
Managing Director	Mr.S.Charles Selvaraj										
Legal Status	NBFC-MFI										
Lending Model	Joint Liability Group (JLG) Model										
Geographical Area of Operation	2 States and 1 Union Territory										
Branches	18 branches as on 31 December 2021										
Employees	160 personnel as on 31 December 2021										

CART has assigned grading of '**MFI 2' (MFI Two)** to **Virutcham Microfinance Limited**. Grading is assigned on an eight-point scale with MFI 1 being the highest and MFI 5 being the lowest. There is no individual definition for each grading. CARE's MFI grading is a measure of overall performance of the MFI on the following broad range of parameters.



Rating Rationale

21 April 2022

Virutcham Microfinance Ltd.

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of Rs. 30.00 Crs. of Virutcham Microfinance Ltd.

Particulars

Facility**	Amount (Crs.)	Tenure	Rating*
Fund based-Term Loans	16.59	Long Term	BWR BBB- Outlook:Stable Assignment
Fund based-Term Loans (Proposed)	13.41		
Total	30.00	Rupees Thirty Crores only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings.

*Outstandings are as on 28 Feb 2022.

** Details of Bank loans rated is provided in Annexure-I .

RATING ACTION / OUTLOOK

The assignment of ratings to the fund based bank loan facilities of **Virutcham Microfinance Ltd.**, (the Company/VML) primarily factors in the strength of the key promoters, experienced board of directors and management team, comfortable capitalization and adequate liquidity, and moderate asset quality. The rating however remains constrained on the limited scale of operations of the company which are expected to improvise by expanding geographies, both from its own book and business tie ups, average earnings, and inherent risks associated with the microfinance industry.

The Stable outlook indicates a low likelihood of a rating change over the medium term as VML operating in the microfinance space was able to have steady income and generate net profits even during the stressed COVID-19 pandemic scenario. BWR believes VML will continue to maintain its credit risk profile over the medium term.



S. CHENTHILKUMAR & CO

CHARTERED ACCOUNTANTS

H.O. : C-59/1, Pranav Towers, 1st Floor, 5th Cross, N.E.E., Thillainagar, Tiruchirapalli - 620 018.

Mobile : 98424 12891 / 98411 56777 Tel : (0431) 4215677 / 2741677

E-mail : chenthil@chenthilca.net / pradeep@chenthilca.net

Partners : CA. S. Chenthilkumar, B.Com., F.C.A., D.I.S.A.(ICAI), F.F.A.(UK),
CA. C. Pradeep, B.Com., F.C.A., PGDFM.,
CA. G. Naveen Mehta, B.Com., F.C.A., D.I.S.A.(ICAI),

Dt: 15-06-2022

INDEPENDENT AUDITOR'S REPORT

To the Members of

Virutcham Microfinance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Virutcham Microfinance Limited (herein after referred to as "the Company"), which comprise the Standalone Balance Sheet as at 31 March 2022, and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information(hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the "Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the

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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 obtained by us is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, specified under Section 133 of the Act. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

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Report on Other Legal and Regulatory Requirements

1. 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, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss, the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Generally Accepted Accounting Principles specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- a) The Company does not have any pending litigations as at 31 March 2022 on its financial position in its standalone financial statements
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

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(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lender invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause(d) (i) and (d) (ii) contain any material misstatement.

e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For S.CHENTHILKUMAR & CO.,

Chartered Accountants,

FRN: 014510S



[Handwritten Signature]

S.Chenthilkumar, B.Com., F.C.A.,

Partner,

ICAI. M.No.: 022602

UDIN: 22022602ALDHVY7996

Annexure A to the Independent Auditor's report on the standalone financial statements of Virutcham Microfinance Limited for the year ended 31 March 2022

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, plant and equipment by which all Property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company being a Non-Banking Finance Company it does not hold any inventory, hence this clause is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Hence this clause is not applicable.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or



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any other parties during the year. The Company has granted microfinance loans, unsecured, details of which are stated in sub-clause (a) below. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year.

- (a) A. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not granted any loans to subsidiaries, joint ventures and associates.

B. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted microfinance loans to parties other than subsidiaries, joint ventures and associates as below:

Particulars	Amount (₹ In Crores)
Aggregate amount during the year - Microfinance Loans (Others)	42.919
Balance outstanding as at Balance Sheet date - Microfinance Loans (Others)	53.135

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and their payments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days in respect of loans given is as below and reasonable steps have been taken by the company for recovery of the principal and interest.

Particulars	Amount (₹ In Lakhs)
Amount overdue for more than 90 days - Microfinance Loans (Others)	54.725

- (e) The Company being a Non Banking Finance Company whose principal business is to provide microfinance loans, hence this clause is not applicable.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.



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(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the activities by the company. Accordingly, Clause 3(vi) of the Order is not applicable.

(vii) (a) The Company does not have liability in respect of Sales tax, Service tax, Duty of excise and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of GST, Provident fund, Employees' State Insurance, Income-tax, Duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 2022 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 dues of GST, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Value added tax, Cess or other statutory dues which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Period	Forum where dispute is pending
The Income Tax Act, 1961	Income-tax	56.19	Assessment Year 2017-18	Commissioner of Income Tax (Appeals)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any default in the repayment loans or borrowings to any lender during the year.



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(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has used the term loans for the object for which they were obtained.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not used funds raised for a short term basis for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.



UDIN: 22022602 ALD HVY 7996

- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and is registered accordingly bearing certificate of registration number as N-07-00779.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.



UDIN : 22022602ALDHVY7996.

- (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 Board of Directors and management plans 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 the 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) In our opinion and according to the information and explanations given to us and based on our audit procedures, Corporate Social Responsibility under Section 135 of the Companies Act, 2013 is not applicable for the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For S.CHENTHILKUMAR & CO.,

Chartered Accountants,

FRN: 014510S



S.Chenthilkumar, B.Com., F.C.A.,

Partner,

ICAI, M.No.: 022602

UDIN: 22022602ALDHVY7996

Date: 15.06.2022



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Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of Virutcham Microfinance Limited for the year ended 31 March 2022

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

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Virutcham Microfinance Limited ("the Company") as of 31 March 2022 in conjunction with our audit of the standalone financial statements of the Company as at and for the year ended on that date. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to standalone 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 (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with



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reference to standalone financial statements. 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included 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 standalone financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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



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standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For S.CHENTHILKUMAR & CO.,

Chartered Accountants,

FRN: 014510S



S.Chenthilkumar, B.Com., F.C.A.,

Partner,

Date: 15.06.2022

ICAI. M.No.: 022602

UDIN: 22022602ALDHVY7996



STATUTORY AUDITOR'S CERTIFICATE



S. CHENTHILKUMAR & CO CHARTERED ACCOUNTANTS

H.O. : C-59/1, Pranav Towers, 1st Floor, 5th Cross, N.E.E., Thillainagar, Tiruchirapalli - 620 018.

Mobile : 98424 12891 / 98411 56777 Tel : (0431) 4215677 / 2741677

E-mail : chenthil@chenthilca.net / pradeep@chenthilca.net

Partners : CA. S. Chenthilkumar, B.Com., F.C.A., D.I.S.A.(ICAI), F.F.A.(UK),
CA. C. Pradeep, B.Com., F.C.A., PGDFM.,
CA. G. Naveen Mehta, B.Com., F.C.A., D.I.S.A.(ICAI),

Statutory Auditor's Certificate (SAC) for the year ended March 31, 2022

We have examined the books of accounts and other records of **M/s. Virutcham Microfinance Limited** for the Financial Year ending March 31, 2022. On the basis of the information submitted to us, we certify the following:

(Amount in lacs)

Sl.	Particulars	Details
1	Name of the company	M/s. Virutcham Microfinance Limited
2	Certificate of Registration No.	N-07-00779
3	Registered office Address	Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.
4	Corporate office Address	Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.
5	The company has been classified by RBI as : (Investment Company / Loan Company / AFC / NBFC-MFI / NBFC- Factor / IFC / IDF- NBFC)	NBFC-MFI
6	Net Owned Fund (in Rs. Lakh)	Rs. 1,796.59
7	Total Assets (in Rs. Lakh)	Rs. 6,673.50



8	Asset-Income pattern: (in terms of RBI Press Release 1998-99/1269 dated April 8, 1999) a) % of Financial Assets to Total Assets b) % of Financial Income to Gross Income (NBFC-Factor / NBFC-MFI / AFC / IFC may also report separately below)	80.99% 98.66%
9	Whether the company was holding any Public Deposits, as on March 31, 2021?	No
10.	Has the company transferred a sum not less than 20% of its Net Profit for the year to Reserve Fund? (in terms of Sec 45-IC of the RBI Act, 1934).	Yes
11	Has the company received any FDI?	No
12	If the company is classified as an NBFC-Factor; a) % of Factoring Assets to Total Assets b) % of Factoring Income to Gross Income	N/A N/A
13	If the company is classified as an NBFC-MFI; % of Qualifying Assets to Net Assets	86.23%
14	If the company is classified as an AFC; a) % of Advances given for creation of physical / real assets supporting economic activity to Total Assets b) % of income generated out of these assets to Total Income	N/A N/A
15	If the company is classified as an NBFC-IFC % of Infrastructure Loans to Total Assets	N/A
16	Has there been any takeover/acquisition of control/ change in shareholding/ Management during the year which required prior approval from RBI?	No



In terms of paragraph 2 of Notification No. DNBS.201/DG(VL)-2008 dated September 18, 2008, a separate report to the Board of Directors of the company has been made.

I have read and understood paragraph 5 of Notification No. DNBS.201/DG(VL)-2008 dated September 18, 2008.



For **S.CHENTHILKUMAR & CO.,**
CHARTERED ACCOUNTANTS,
FRN: 014510S

S. Chenthilkumar

S.Chenthilkumar, B.Com., F.C.A.,
Partner,
ICAI. M.No: 022602
UDIN: 22022602ALDHVY7996

Date: 15.06.2022

Annex

	Capital Funds - Tier I	<i>(Rs. In lakh)</i>
1.	Paid up Equity Capital	1,502.43
2.	Pref. shares to be compulsorily converted into equity	-
3.	Free Reserves:	
	a. General Reserve	-
	b. Share Premium	-
	c. Capital Reserves	-
	d. Debenture Redemption Reserve	-
	e. Capital Redemption Reserve	-
	f. Credit Balance in P&L Account	217.57
	g. Other free reserves (may be specified)	-
4.	Special Reserves/Statutory Reserves	99.41
	Total of 1 to 4	1,819.41
5.	Less: i. Accumulated balance of loss	-
	ii. Deferred Revenue Expenditure	1.65
	ii. Deferred Tax Assets (Net)	10.68
	iii. Other intangible Assets	10.49
	Owned Fund	1,796.59
6.	Investment in shares of	-
	(i) Companies in the same group	-
	(ii) Subsidiaries	-
	(iii) Wholly Owned Subsidiaries	-
	(iv) Other NBFCs	-



7.	Book value of debentures, bonds, outstanding loans and advances, bills purchased and discounted (including H.P. and lease finance) made to, and deposits with (i) Companies in the same group	-
	(ii) Subsidiaries	-
	(iii) Wholly Owned Subsidiaries/Joint Ventures Abroad	-
8.	Total of 6 and 7	-
9.	Amount in item 8 in excess of 10% of Owned Fund	-
10.	Net Owned Fund	1,796.59



PRICING OF LOAN PRODUCTS



S. CHENTHILKUMAR & CO CHARTERED ACCOUNTANTS

H.O. : C-59/1, Pranav Towers, 1st Floor, 5th Cross, N.E.E., Thillainagar, Tiruchirapalli - 620 018.

Mobile : 98424 12891 / 98411 56777 Tel : (0431) 4215677 / 2741677

E-mail : chenthil@chenthilca.net / pradeep@chenthilca.net

Partners : CA. S. Chenthilkumar, B.Com., F.C.A., D.I.S.A.(ICAI), F.F.A.(UK),
CA. C. Pradeep, B.Com., F.C.A., PGDFM.,
CA. G. Naveen Mehta, B.Com., F.C.A., D.I.S.A.(ICAI),

TO WHOMSOEVER IT MAY CONCERN

This is to certify M/s. Virutcham Microfinance Limited, bearing CIN: U65929TN2008PLC068502, having registered office at Plot No 1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai - 625006 that the Margin of Cap of the company for the year ended 31st March 2022 is **11%** which is lower of 12% or the average base rate of the five largest commercial banks by assets multiplied by 2.75. This is within the limits prescribed by the Reserve Bank of India.

Detailed workings for the same are enclosed herewith.

For **S.CHENTHILKUMAR & CO.,**
Chartered Accountants,
FRN: 014510S



S.Chenthilkumar, B.Com., F.C.A.,
Partner,
ICAI. M.No: 022602

Date: 15.06.2022

UDIN: 22022602ALDHVY7996

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M/s. ANBALAGAN & CO.,**CHARTERED ACCOUNTANT****Office : No.3, N-Block, Housing Unit,
Salai Road, Woraiyur,
Trichirappalli-620 003.****Off :0431-2767084****93602 15739, 95855 33617****E.mail id : anbalaganandco@gmail.com**

Particulars	Own Loan Portfolio - Opening Portfolio	Own Loan Portfolio - Closing Portfolio	Average Portfolio	Interest Income	Yield per month
Jan-21	51,01,25,903.87	47,70,01,672.13	49,35,63,788.00	1,12,81,515.25	2.29%
Feb-21	47,70,01,672.13	52,38,62,597.86	50,04,32,135.00	1,12,81,515.25	2.25%
Mar-21	52,38,62,597.86	51,10,95,894.00	51,74,79,245.93	1,12,81,515.25	2.18%
Total	1,51,09,90,173.86	1,51,19,60,163.99	1,51,14,75,168.93	3,38,44,545.75	2.24%

Particulars	Opening Borrowing	Closing Borrowing	Average	Interest Expense (incl. Processing Fee charges)	% of Borrowing
Jan-21	40,20,63,355.10	42,26,57,237.99	41,23,60,296.55	57,62,604.42	1.40%
Feb-21	42,26,57,237.99	40,50,62,479.75	41,38,59,858.87	57,62,604.42	1.39%
Mar-21	40,50,62,479.75	38,94,93,912.10	39,72,78,195.93	57,62,604.42	1.45%
Total	1,22,97,83,072.84	1,21,72,13,629.84	1,22,34,98,351.34	1,72,87,813.25	1.413%

Yield for Quarter 4	6.69%	26.780%
Average Borrowing for Quarter 4	4.24%	16.962%
Margin CAP for the Quarter	2.45%	9.818%



BALANCE SHEET FOR THE YEAR ENDED 31st March 2022

M/s. VIRUTCHAM MICROFINANCE LTD.,					
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.					
Balance Sheet as at 31st March 2022					
(Amount in ₹)					
Particulars	Notes	As at 31.03.2022		As at 31.03.2021	
I. EQUITY AND LIABILITIES					
(1) SHAREHOLDER'S FUND					
(a) Share Capital	3	15,02,43,350		15,02,43,350	
(b) Reserves and Surplus	4	3,16,97,821		2,01,06,398	
			18,19,41,171		17,03,49,748
(2) NON-CURRENT LIABILITIES					
(a) Long term borrowings	5	25,03,60,116		12,56,34,048	
(b) Long Term Provisions	6	22,31,693		21,46,603	
			25,25,91,809		12,77,80,651
(3) CURRENT LIABILITIES					
(a) Other Current Liabilities	7	22,61,72,794		31,51,21,835	
(b) Short Term Provisions	8	66,44,154		74,82,574	
			23,28,16,948		32,26,04,410
Total			66,73,49,927		62,07,34,808
II. ASSETS					
(1) NON-CURRENT ASSETS					
(a) Property, Plant and Equipment					
(i) Tangible Assets	9A	78,69,683		81,81,125	
(ii) Intangible Assets	9B	10,49,162		9,31,337	
(b) Deferred Tax Assets (Net)		10,68,146		11,07,421	
(c) Long Term Loans and Advances	10	17,38,299		17,42,799	
(d) Long Term Receivables under Financing Activity	11	22,31,69,306		21,46,60,275	
(e) Other Non Current Assets		2,81,64,746		1,73,29,494	
			26,30,59,342		24,39,52,452
(2) CURRENT ASSETS					
(a) Trade Receivables- Under Financing Activity	12	30,81,86,184		29,64,35,618	
(b) Cash and Cash Equivalents	13	5,11,53,394		2,67,70,625	
(c) Short Term Loans and Advances	14	28,95,597		5,11,669	
(d) Other Current Assets	15	4,20,55,409		5,30,64,444	
			40,42,90,585		37,67,82,356
Total			66,73,49,927		62,07,34,808

In Accordance with our Report attached

For **S.CHENTHILKUMAR&CO.,**
CHARTERED ACCOUNTANTS

FRN No: 014510S


S.Chentilkumar, B.Com., F.C.A.,
Partner

ICAI Membership No.: 022602

UDIN:

Place : **MADURAI**

Date : **15.06.2022**

For and on behalf of the Board of Directors

S Charles
Selvaraj
Digitally signed by S Charles
 DN: cn=S Charles Selvaraj,
 o=Virutcham Microfinance
 Limited, ou=MFC, email=
 selvaraj@virutcham.vml.com,
 c=IN,
 Date: 2022.06.27 13:43:18 +05'30'
CHARLES SELVARAJ
MANAGING DIRECTOR

Devesah
ayam
Asokan
Digitally signed by Devesah
 Ayam
 DN: cn=Devesah Ayam,
 o=Virutcham Microfinance
 Limited, ou=MFC, email=
 devesah@virutcham.vml.com,
 c=IN,
 Date: 2022.06.27 13:43:18 +05'30'
DEV ASOKAN
CHAIRMAN

KIRTI
JAINARAYA
N SHARMA
Digitally signed by
 KIRTI JAINARAYA
 SHARMA
 Date: 2022.06.27
 14:26:07 +05'30'
KIRTHI SHARMA
COMPANY SECRETARY
M.NO.26100

Place : **MADURAI**
 Date : **15.06.2022**



UDIN : 22022602ALDHVY7996

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2022

M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

Statement of Profit And Loss For the Period Ended 31st March 2022


Particulars	Notes	For the year ended 31.03.2022 (Amount in ₹)	For the year ended 31.03.2021 (Amount in ₹)
INCOME			
Revenue from Operations	16	10,73,19,485	13,53,78,183
Other Income	17	58,11,645	52,37,340
TOTAL REVENUE (A)		11,31,31,130	14,06,15,523
EXPENSES			
Finance costs	18	4,92,55,735	7,25,16,006
Employee benefits expense	19	3,11,81,014	3,01,16,847
Administration expenses	20	1,30,67,617	1,84,38,836
Depreciation and amortization expense	9	14,70,233	11,99,062
Provisions for receivables under Financing Activity		14,91,604	23,17,214
Other Expenses		1,64,748	1,64,748
TOTAL EXPENSES (B)		9,66,30,951	12,47,52,713
Profit before exceptional and extraordinary items and tax (A) - (B)		1,65,00,179	1,58,62,809
Less: Exceptional items & Extraordinary Items		-	-
Profit before extraordinary items and tax		1,65,00,179	1,58,62,809
Less: Extraordinary items		-	-
PROFIT BEFORE TAX		1,65,00,179	1,58,62,809
Less: Tax Expenses			
(a) Current Tax		48,69,482	53,51,755
(b) MAT Credit		-	-
(c) Deferred Tax		39,275	(1,68,286)
(d) (Excess) Tax provision for earlier years		-	49,08,756
PROFIT AFTER TAX		1,15,91,423	1,06,79,341
Earnings per share Rs. and diluted (Face value of Rs.10 each)	21	1.10	1.06
Adjusted Earnings Per Share (as per AS - 20)			
(i) Adjusted EPS based on the number of Equity Shares at the beginning of the Financial Year		1.10	1.32
(ii) Adjusted EPS based on the number of Equity Shares at the end of the Financial Year		1.10	1.06
During the Financial Year 2020-2021 the company has utilized its Free Reserves to issue Bonus Shares to the existing Share Holders. Hence adjusted Earnings Per Share is disclosed along with the Normal Earnings Per Share for comparison purposes.			
Significant Accounting Policies and Notes to Financial Statements form an integral part of the financials			

In Accordance with our Report attached

For **S.CHENTHILKUMAR&CO.,**

CHARTERED ACCOUNTANTS

FRN No: 014510S



S.Chentilkumar, B.Com., F.C.A.,

Partner

ICAI Membership No.: 022602

UDIN

Place : MADURAI

Date : 15.06.2022

For and on behalf of the Board of Directors

S Charles
Selvaraj

CHARLES SELVARAJ
MANAGING DIRECTOR

Devesahay
am Asokan

DEV ASOKAN
CHAIRMAN

KIRTI
JAINARAYA
N SHARMA

KIRTHI SHARMA
COMPANY SECRETARY

M.NO.26100

Place : MADURAI

Date : 15.06.2022

Digitally signed by S Charles Selvaraj
 DN: cn=S Charles Selvaraj, o=S.Chentilkumar & Co., email=s.charles@scsco.in, c=IN, Date: 2022.06.27 13:43:01 +05'30'

Digitally signed by KIRTI JAINARAYAN SHARMA
 Date: 2022.06.27 14:30:28 +05'30'



UDIN: 22022602ALDHVY7996

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March 2022

M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai - 625006. Statement of Cash Flow For the Period Ended 31st March 2022				
Particulars	For the year ended 31st March 2022		For the year ended 31 March, 2021	
	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)	(Amount in ₹)
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax	1,65,00,179		1,58,62,809	
Adjustments for:				
Depreciation and amortisation	14,70,233		11,99,062	
Unamortised Expenses	1,64,748		1,64,748	
Provisions for receivables under Financing Activity	14,91,604		23,17,214	
Operating profit / (loss) before working capital changes		1,96,26,765		1,95,43,834
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(2,15,48,605)		9,70,61,790	
Short-term loans and advances	(23,83,928)		3,46,484	
Long-term loans and advances	4,500		(7,21,500)	
Other current assets	1,10,09,035		(3,46,87,503)	
Other non-current assets	(1,10,00,000)	(2,39,18,998)		6,19,99,272
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities		(8,89,49,042)		(1,59,99,016)
Long-term provisions				
Cash flow from extraordinary items				
Cash generated from operations		(9,32,41,275)		6,55,44,090
Net income tax (paid) / refunds		(58,25,408)		(49,73,089)
Net cash flow from / (used in) operating activities (A)		(9,90,66,683)		6,05,71,001
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(12,84,617)		(65,68,392)	
Proceeds from sale of fixed assets	8,000	(12,76,617)		(65,68,392)
Cash flow from extraordinary items				
Net income tax (paid) / refunds				
Net cash flow from / (used in) investing activities (B)		(12,76,617)		(65,68,392)
C. Cash flow from financing activities				
Proceeds from issue of equity shares				
Cash expenditure on issue of equity shares				
Proceeds from long-term borrowings	12,47,26,068		(4,36,41,001)	
Repayment of long-term borrowings				
Proceeds from other short-term borrowings		12,47,26,068		(4,36,41,001)
Net cash flow from / (used in) financing activities (C)		12,47,26,068		(4,36,41,001)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		2,43,82,768		1,03,61,608
Cash and cash equivalents at the beginning of the year		2,67,70,626		3,34,09,018
Cash and cash equivalents at the end of the year		5,11,53,394		4,37,70,626
Note: (i) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 Cash Flow Statements. (ii) Refer Note: 13 for items included in cash & cash equivalents. (iii) There has been a change in accounting policy for the Financial Year 2021-22 regarding cash and cash equivalents as only the deposits having maturity period less than 12 months have been accounted under deposit accounts and those having maturity period above 12 months have been accounted as non-current assets in line with the definition of cash and cash equivalents.				
Reconciliation of Note (iii) For the year ended 31st March 2021 Cash and cash equivalents at the end of the year 4,37,70,626 Less: Deposits with maturity period above 12 months 1,70,00,000 Cash and cash equivalents at the end of the year (as per the change in accounting policy) 2,67,70,626				
In terms of our report attached. For S.CHENTHILKUMAR&CO., CHARTERED ACCOUNTANTS FRN No: 014510S				
For and on behalf of the Board of Directors <div style="display: flex; justify-content: space-between;"> <div> S Charles Selvaraj CHARLES SELVARAJ MANAGING DIRECTOR </div> <div> Devesha yam Asokan DEV ASOKAN CHAIRMAN </div> <div> KIRTI JAINARA YAN SHARMA KIRTI SHARMA COMPANY SECRETARY M.NO.26100 </div> </div>				
Place : MADURAI Date : 15.06.2022				



UDIN: 22022602ALDHVY7996

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH

M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.	
Note No.	NOTES FORMING PART OF THE FINANCIAL STATEMENTS
1	CORPORATE INFORMATION
	<p>M/s. Virutcham Microfinance Limited is registered with the Chennai Registrar of Companies as a Public Limited Company on 8th July, 2008 vide Registration no. U65929TN2008PLC068502. The Company is holding a valid Certificate of Registration (COR) issued by Reserve Bank of India as a Non Banking Financial Company without accepting public deposits vide certificate No. N-07-00779 dated 3rd August, 2009 and converted into NBFC-MFI with effect from 06th June, 2014.</p> <p>The registered office of the company is located at Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.</p> <p>The Principal activities of the Company is to engage in microfinance activities with the ultimate objective of benefitting the poor and downtrodden for enhancement of their livelihoods in a financially viable manner. The Company generally provides small value collateral free loans upto Rs.30,000/- in the first cycle with a tenor of 12 months and upto Rs.1,25,000/- vide notification no DOR.NBFC(PD) CG No.103/22.10.038/2019-20 dated November 08,2019 (and Rs.1,00,000.- prior to this notification) in the subsequent cycles with a tenor of 24 months with weekly, fortnightly or monthly repayment as per the choice of the borrower.</p> <p>The Operations of the Company is concentrated within the States of Tamilnadu , Kerala and Pudhucherry during the Financial year.</p>
2	SIGNIFICANT ACCOUNTING POLICIES
2.01	Basis of accounting and preparation of financial statements
	The financial statements of the Company have been prepared in accordance with the 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 the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the provisions of the Companies Act, 2013. The Company follows the directions prescribed by the Reserve Bank of India (RBI) for Non Banking-Financial Companies - Microfinance Institutions.
2.02	Use of estimates
	The presentation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent assets and liabilities) at the end of the year and the reported revenues and expenses during the year. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known/material.
2.03	Cash and cash equivalents (for purposes of Cash Flow Statement)
	Cash comprises 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 insignificant risk of changes in value.
2.04	Cash flow statement
	Cash flow Statement is prepared in accordance with the indirect method prescribed in Accounting Standard 3. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.
2.05	Property Plant and Equipment
	<p>Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.</p> <p>(i) Depreciation has been provided on the written down value method as per the useful life prescribed rates prescribed in Part 'C' Schedule II to the Companies Act, 2013. Intangible assets are amortized over their expected useful life.</p> <p>(ii) Depreciation on additions is charged proportionately from the date of acquisition/installation.</p>
2.06	Receivables Under Financing Activity
	Receivables under Financing activity include Micro finance loans. Loans are classified into 'Performing and Non-Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India as amended from time to time.

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M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.	
Note No.	NOTES FORMING PART OF THE FINANCIAL STATEMENTS
2.07	Revenue recognition
	<p>Revenues from Interest on loans financed by the company is recognized on accrual basis, considering the directions issued by the Reserve Bank of India from time to time in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998. Loans are classified into 'Performing and Non-Performing' assets in terms of the said Directions.</p> <p>Revenue from loan documentation and meeting charges are recognized as income on cash basis.</p> <p>Processing fees at the rates as permitted by the RBI is charged on the Microfinance loans disbursed and the same is recognised as and when collected at the time of loan disbursement.</p>
2.08	Other income
	Bank Deposit Interest income is accounted on accrual basis. Revenue from Interest income on fixed deposits with banks is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
2.09	Employee benefits
	<p>a. Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits for current employees are estimated and measured on an undiscounted basis.</p> <p>B. Defined contribution plans:- Company's contributions paid/payable during the year to Provident Fund, Pension fund and employee state insurance scheme are recognised in the statement of Profit and Loss based on amount of contribution required to be made and when services are rendered by the employees.</p>
2.10	Impairment of Assets
	<p>The carrying amount of assets are reviewed at each balance sheet date for any indication of impairment based on internal/ external factors. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and risks specific to the asset.</p> <p>After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.</p>
2.11	Borrowing costs
	Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing Costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the statement of Profit & Loss during extended periods when active development activity on the qualifying assets is interrupted.
2.12	Segment reporting
	The Company's business segment is micro finance services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.
2.13	Earnings per share
	<p>Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.</p> <p>Adjusted earnings per share has been disclosed in the Statement of Profit & Loss as the Company has utilized its free reserves to issue Bonus Shares to existing shareholders during the Financial Year 2020-21. It is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares at the beginning of the year and outstanding during the year after the issue of bonus shares.</p>

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M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.	
Note No.	NOTES FORMING PART OF THE FINANCIAL STATEMENTS
2.14 Taxes on income	
<p>Current tax is the amount of tax payable on the taxable income for the year after taking into consideration the benefits / disallowances admissible under the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences.</p> <p>Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized.</p> <p>Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such setoff. Deferred tax assets are reviewed at each balance sheet date for their realisability.</p>	
2.15 Provisions and Contingent liabilities	
<p>Provisions are recognised @ 1% on Total Loan Portfolio as per the requirements of The Reserve Bank of India. Provisions are created when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to accounts.</p>	
2.16 Preliminary Expenses	
Preliminary Expenses are written off in five years from the commencement of commercial operations.	

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M/s. VIRUTCHAM MICROFINANCE LTD.,					
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.					
Note No.	NOTES TO THE FINANCIAL STATEMENTS				
3	SHARE CAPITAL :				
Particulars		As at 31st March, 2022		As at 31st March, 2021	
		Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Authorised :					
Equity shares of Rs.10/- each		2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Issued, subscribed and fully paid up					
Equity Shares of Rs.10/-, each, fully paid up		1,50,24,335	15,02,43,350	1,50,24,335	15,02,43,350
Total		1,50,24,335	15,02,43,350	1,50,24,335	15,02,43,350
Notes :					
(i) The reconciliation of the number of shares outstanding and the amount of share capital as at 31st March, 2022 and 31st March, 2021 is set out below.					
Particulars		As at 31st March, 2022		As at 31st March, 2021	
		Number of Shares	(Amount in ₹)	Number of Shares	(Amount in ₹)
Balance at the beginning of the year		1,50,24,335	15,02,43,350	1,20,19,468	12,01,94,680
Add: Bonus Shares issued during the Financial Year		-	-	30,04,867	3,00,48,670
Balance at the close of the year		1,50,24,335	15,02,43,350	1,50,24,335	15,02,43,350
(ii) Particulars of Shareholders holding more than 5% share in the Company					
Name of the Shareholder		As at 31st March, 2022		As at 31st March, 2021	
		%	No. of Shares	%	No. of Shares
Mr.S.Charles Selvaraj and Family & Associate		50.00%	75,12,168	50.00%	75,12,168
Mr. Balasamynathan		12.48%	18,75,000	12.48%	18,75,000
Mr.Edwin Jose		9.94%	14,94,140	9.94%	14,94,140
Mr. Dev Asokan and Family		11.01%	16,54,771	11.01%	16,54,771
4	RESERVES & SURPLUS				
Particulars		As at 31st March, 2022		As at 31st March, 2021	
		(₹)		(₹)	
(a) Securities Premium Account :					
Opening Balance				-	1,35,89,186
Add : Premium on Issue of Share Capital				-	-
Less: Bonus Shares issued				-	(1,35,89,186)
A				-	-
(b) Statutory Reserves - (Refer Note Below)					
As per beginning of reporting period				76,22,889	54,87,021
ADD: Additions/ transfers during the year				23,18,285	21,35,868
LESS: Utilisations/ transfers during the year				-	-
As per the end of the reporting period				99,41,174	76,22,889
B					
(c) Surplus in Statement of Profit & Loss					
As per beginning of reporting period				1,24,83,509	2,03,99,520
Add: Transferred from Profit and Loss Account				1,15,91,423	1,06,79,341
Less: Transferred to Statutory Reserve				(23,18,285)	(21,35,868)
Less: Bonus Shares issued				-	(1,64,59,484)
As per the end of the reporting period				2,17,56,647	1,24,83,509
C					
Closing Balance		Total (A+B+C)		3,16,97,821	2,01,06,398

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M/s. VIRUTCHAM MICROFINANCE LTD.,			
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.			
Note No.	NOTES TO THE FINANCIAL STATEMENTS		
	<p>Note :</p> <p>1. The Company has transferred 20% of profit after tax to the Statutory Reserve in accordance with the provision of section 45-1C of Reserve Bank of India Act.</p> <p>2. The Company has not created any Hybrid Reserve in lieu of Tier II Capital, Since as per the Terms and Conditions of the Tier II Capital, only in case of default of payment of Tier II Capital, at the option of subscriber of Tier II Capital, it can be converted as Equity Share Capital.</p> <p>3. The Company has utilized the Free Reserves to issue bonus shares to the existing shareholders as on 25.09.2020 during the Financial Year 2020-2021.</p>		
5	LONG TERM BORROWINGS		
		(Amount in ₹)	
	Particulars	As at 31st March, 2022	As at 31st March, 2021
	Secured		
	- Term Loan (Refer Note 5.1 as below)		
	(i) Banks	20,22,62,612	8,10,98,474
	(ii) Others	4,47,29,799	4,05,71,890
	(iii) Car Loan Union Bank	33,67,705	39,63,684
	Total	25,03,60,116	12,56,34,048
	<p>Note :</p> <p>1. The Company has not defaulted in repayment of Loans and the Interest accrued on it.</p> <p>2. The Company has appointed a debenture trustee and the NCD application and offer document are ready for the issue of 1000 Redeemable Non-Convertible Secured Debentures of Rs.1,00,00,000 each amounting to Rs.10,00,00,000 only.</p>		
6	LONG TERM PROVISIONS		
	Particulars	As at 31st March, 2022	As at 31st March, 2021
	Provision - Others:		
	Contingent Provisions against Standard Assets (Refer Note 23)	22,31,693	21,46,603
	Total	22,31,693	21,46,603
7	SHORT TERM BORROWINGS		
	Particulars	As at 31st March, 2022	As at 31st March, 2021
	(a) Current maturities of Long Term debt (Refer Note 5.1 and 5.3)		
	(i) Banks	13,15,51,731	7,55,51,662
	(ii) Others	8,29,16,001	23,22,71,887
	Total	21,44,67,732	30,78,23,549
	(b) Other Payables -		
	TDS Payable	1,72,306	57,399
	Audit Fees Payable	2,00,000	3,00,000
	Processing Fees Payable	9,57,191	5,22,342
	Rent payable	-	2,40,100
	Accrued Interest Payable	13,98,802	23,01,160
	Insurance Payable	12,97,996	99,393
	Staff Caution Deposit	9,93,500	4,24,000
	Other Current Liabilities	66,85,267	33,53,892
	Total	22,61,72,794	31,51,21,835
8	SHORT TERM PROVISIONS		
	Particulars	As at 31st March, 2022	As at 31st March, 2021
	Provision - Others		
	Provision for Income Tax	17,21,396	26,77,322
	Contingent Provisions against Standard Assets (Refer Note 23)	30,81,862	29,64,356
	COVID Provisioning	9,40,896	9,40,896
	Additional Provisions against the Standard Assets	9,00,000	9,00,000
	Total	66,44,154	74,82,574

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M/s. VIRUTCHAM MICROFINANCE LTD.			
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.			
Note No.	NOTES TO THE FINANCIAL STATEMENTS		
10	LONG TERM LOANS AND ADVANCES	(Amount in ₹)	
	Particulars	As at 31st March 2022	As at 31st March 2021
	Security deposits		
	-Telephone	9,799	9,799
	-Rental Advance	17,28,500	17,33,000
	Total	17,38,299	17,42,799
11	LONG TERM RECEIVABLE UNDER FINANCING ACTIVITY		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Long-term trade receivables		
	Unsecured, considered good	22,31,69,306	21,46,60,275
	Total	22,31,69,306	21,46,60,275
11.1	OTHER NON CURRENT ASSETS		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Unamortised Expenses		
	Opening Balance	3,29,494	4,94,242
	Add : Expenses incurred for increasing Authorised Capital	-	-
	Less : Amortisation for the Current Year (2nd Year)	1,64,748	1,64,748
		1,64,746	3,29,494
	Deposits with Lenders		
	Having maturity period more than 12 months	2,80,00,000	1,70,00,000
	Total	2,81,64,746	1,73,29,494
12	TRADE RECEIVABLES - Under Financing Activity		
	Particulars	As at 31st March 2022	As at 31st March 2021
	(a) Outstanding for a period less than six months from the date of due		
	Unsecured, Considered good		
	Micro finance loan (Refer Note (i) below)	30,81,86,184	29,64,35,618
	Total	30,81,86,184	29,64,35,618
13	CASH AND CASH EQUIVALENTS		
	Particulars	As at 31st March 2022	As at 31st March 2021
	(a) Cash on hand	10,34,011	5,96,215
	(b) Balances with banks		
	(i) Current Accounts	1,76,19,384	1,10,49,410
	(ii) In deposit accounts (having maturity period less than 12 months)	3,25,00,000	1,51,25,000
	Total	5,11,53,394	2,67,70,625
14	SHORT-TERM LOANS AND ADVANCES		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Employee Advance	28,95,597	5,11,669
	Total	28,95,597	5,11,669



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M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

Note No.	NOTES TO THE FINANCIAL STATEMENTS		
15	OTHER CURRENT ASSETS		
	Particulars	As at 31st March 2022	As at 31st March 2021
	(a) Accruals		
	(i) Interest accrued on deposits	14,65,669	24,46,260
	(b) Income Tax Refund due	8,88,528	8,80,894
	(c) GST ITC	19,05,640	18,54,421
	(d) GST Receivable	1,08,000	1,08,000
	(e) Advances EMI	49,43,394	44,43,976
	(f) Interest receivable on Loan	3,15,41,719	4,17,24,116
	(g) Other Advances	94,435	7,03,741
	(h) Security Deposit (NSDL)	1,35,000	1,35,000
	(i) Software Advance	5,39,732	5,39,732
	(j) TDS Advance	4,33,293	2,28,304
	Total	4,20,55,409	5,30,64,444
16	REVENUE FROM OPERATIONS		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Interest on loans under Financing Activity	10,73,19,485	13,53,78,183
	Total	10,73,19,485	13,53,78,183
17	OTHER INCOME		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Interest on Bank Deposits	14,80,844	19,39,976
	Processing Fees	42,91,900	31,34,200
	Miscellaneous Income	38,901	1,63,164
	Total	58,11,645	52,37,340
18	FINANCE COSTS		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Interest on Bank borrowings	4,65,46,435	6,72,01,253
	Processing fees on bank borrowings	27,09,300	53,14,753
	Total	4,92,55,735	7,25,16,006
19	EMPLOYEE BENEFITS EXPENSE		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Salaries and wages	2,37,85,007	2,37,18,208
	Staff welfare expenses	42,92,514	31,13,710
	Managing Director Remuneration	16,76,000	18,60,000
	Staff Training	18,609	1,40,259
	Incentive Programme	14,08,884	12,84,670
	Total	3,11,81,014	3,01,16,847



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M/s. VIRUTCHAM MICROFINANCE LTD.			
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.			
Note No.	NOTES TO THE FINANCIAL STATEMENTS		
20	ADMINISTRATION EXPENSES		
	Particulars	As at 31st March 2022	As at 31st March 2021
	Bank charges	3,44,206	1,62,504
	Printing & Stationery	3,54,749	4,05,014
	Postage & Courier Charges	1,74,203	1,43,853
	Rent & Electricity Charges	31,80,099	27,59,445
	Repairs and Maintenance - Building	81,255	1,68,114
	Repairs and Maintenance - Computer	51,665	14,556
	Repairs and Maintenance	1,48,114	12,500
	Document Charges on Borrowers	45,820	2,20,850
	Communication expenses	5,34,680	6,52,357
	Commission and Brokerage	7,000	20,000
	Marketing Expenses	5,43,793	12,63,963
	Travelling & Conveyance	16,52,579	26,31,894
	Social Audit Fees	-	13,85,376
	Refreshment Exp	1,77,548	1,45,858
	Meeting & Training Expenses	1,57,531	1,91,930
	Cleaning charges and Materials	2,82,775	2,49,945
	Service charge paid to Ngo	2,47,319	8,17,817
	MFI Rating fees	6,55,000	2,86,180
	Other professional charges	3,21,798	4,38,781
	Credit information charges	2,65,144	2,68,318
	Audit fees	2,00,000	2,00,000
	Legal Expense	1,54,820	1,99,493
	Miscellaneous expenses	3,31,520	1,67,523
	Municipal Tax Expenses	1,000	3,750
	Office Building Renovation	-	2,41,304
	Consultation fees	58,000	68,000
	ROC Filling	22,890	13,870
	Software Maintainance	4,59,276	7,60,643
	Processing Charges on Borrowings	17,43,500	43,67,140
	Board Sitting Fees	1,10,000	1,40,000
	Office Car Expenses	20,313	-
	Chairman Car Expenses	1,70,000	-
	Interest on Car Loan	2,70,421	37,859
	Insurance Expenses	2,10,564	-
	Demat Expenses	90,036	-
	Total	1,30,67,617	1,84,38,836
NOTE 20.1			
	Particulars	As at 31st March 2022	As at 31st March 2021
	Payments to the auditors comprises (net of service tax input credit, where applicable)		
	For Statutory audit		
	- Audit Fees	1,65,000	1,65,000
	- Tax Audit Fees	20,000	20,000
	- Other Certification	15,000	15,000
	Total	2,00,000	2,00,000

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M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

Note No.	NOTES TO THE FINANCIAL STATEMENTS		
21	Disclosures under Accounting Standard - 20		
	Particulars	As at 31st March, 2022	As at 31 March, 2021
	EARNINGS PER SHARE		
	<u>Basic</u>		
	Net profit / (loss) for the year from continuing operations	1,65,00,179	1,58,62,809
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	1,65,00,179	1,58,62,809
	Weighted average number of equity shares	1,50,24,335	1,50,24,335
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	1.10	1.06
	Note:		
	1.The Company has capitalized its reserves under issue of bonus shares to existing shareholders during the financial year 2020-21		
	2.The Company raised fresh 30,19,468 equity shares under right issue basis during the financial year 2019-20.		
	3.The Earnings per share for the Financial year 2020-21, after bonus issue of equity shares is Rs.1.06		
22	Disclosures under Accounting Standard - 22		
	Particulars	As at 31st March, 2022	As at 31 March, 2021
	Deferred tax (liability) / asset		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and	10,68,146	11,07,421
	Tax effect of items constituting deferred tax liability	10,68,146	11,07,421
	<u>Tax effect of items constituting deferred tax assets</u>		
	Brought forward business losses	-	-
	Tax effect of items constituting deferred tax assets	-	-
	Net deferred tax (liability) / asset	10,68,146	11,07,421
	The Company has recognised deferred tax liability on timing difference on difference between depreciation as per Accounting book and tax law.		

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M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

23 Disclosures under Accounting Standard - 29

Details of provisions

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

Particulars	As at 1 April, 2021	Additions	As at 31st March, 2022
Provision for receivables under Financing Activity	51,10,959	14,91,604	53,13,555
Less: Provision utilised for write off of accounts		(12,89,008)	
Add: Additional Provision @10% created in line with the RBI Circular 21.04.048/2019-20 dated 17.04.2020	9,40,896	-	9,40,896
Add: Additional Provisions Charged	9,00,000	-	9,00,000
Total	69,51,855	2,02,596	71,54,451

Details of Principal at Risk and Overdue Amount as on 31.03.2022

No of Days	Principal at Risk	Amount Overdue	Provision Required (%)	Provision Amount
1 - 90 days	1,00,77,404	24,39,374	0%	-
91 - 180 days	53,84,399	39,96,450	50%	19,98,225
> 180 days	15,10,936	14,76,097	100%	14,76,097
Total	1,69,72,739	79,11,921		34,74,322

Note:

- As per the Master Direction of RBI, Provision on Outstanding Loan Portfolio is to be created at the higher of the following
(A) - 1 % on the Loan Outstanding Portfolio - Rs. 5313555;
(B) - As per the Calculation of Provision on Principal at Risk - Rs. 3474322. Since the 1% on the Loan outstanding is higher, the Provision is created for Rs. 5313555
- The company has written off an amount to the extent of Rs. 12,89,008, which is the outstanding amount in 1208 loan accounts, which are overdue for more than one year, which in the opinion of the management, recovery is slim.
- The Management has created the provision on COVID Moratorium Relief as per RBI Circular dated 17.04.2020
- The management has further decided to create an additional provisions of Rs. 900000 in addition to the Existing Provision, during the financial year 2020-21.

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M/s. VIRUTCHAM MICROFINANCE LTD..			
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.			
Details of COVID Provisioning			
Particulars			Amount
(a) Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of above referred letter, as at 01.02.2020			1,07,23,199
(b) Respective amount where asset classification benefits is extended			94,08,955
(c) Provisions made during the Q4 of FY 2020 in terms of paragraph 5 of above mentioned letter			4,70,448
(d) Provisions made during the Q1 of FY 2021 in terms of paragraph 5 of above mentioned letter			4,70,448
(e) Provisions adjusted during the respective accounting periods against slippages and the residual provisions in terms of paragraph 6 of above mentioned letter.			-
Particulars of SMA/overdue category accounts as at 01.02.2020		Amount	Provision %
(a) Amount present in accounts overdue between 0-89 days		94,08,955	10%
(b) Amount present in accounts overdue between 90-179 days		10,32,608	50%
(c) Amount present in accounts overdue for 180 days and above		2,81,636	100%
			7,97,940
24 Disclosure Pursuant to Reserve Bank of India Notification			
DNBS. 193DG(VL) - 2007 dated 22nd February 2007			
Schedule to the Balance Sheet of a non-deposit taking non-banking financial company			
(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)			
(Rs. in lakhs)			
Particulars		Amount outstanding	Amount overdue
1 Loans and advances availed by the nonbanking financial company inclusive of interest accrued thereon but not paid:			
(a) Debentures : Secured			-
Unsecured			-
(other than falling within the meaning of public deposits*)			-
(b) Deferred Credits			-
(c) Term Loans		4,662.27	-
(d) Inter-corporate loans and borrowing		-	-
(e) Commercial Paper		-	-
(f) Other Loans - Bank Loan repayable on Demand		-	-
* Please see Note 1 below			



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M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.	
Assets side :	Amount outstanding
2 Break-up of Loans and Advances including bills receivables(Other than those included in (4) below)	
(a) Secured	-
(b) Unsecured	5,313.55
3 Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on hire including hire charges under	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
4 Break-up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
Interest on Car Loan	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

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M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

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

5 Borrower group-wise classification of assets financed as in (2) and (3) above:

Please see Note 2 below

Category	Amount net of provisions			
	Secured		Unsecured	Total
1. Related Parties **				
2. Other than related parties	-		5,313.55	5,313.55
Total				

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

Please see note 3 below

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

** As per Accounting Standard of ICAI (Please see Note 3)

7 Other information

Rs. In Lakhs

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

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M/s. VIRUTCHAM MICROFINANCE LTD.,

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

Note
No.

NOTES TO THE FINANCIAL STATEMENTS

25 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

25.1 Earnings in foreign currency - Rs. Nil (As at 31st March, 2022 - Rs. Nil)

25.2 Expenditure in foreign currency - Rs. Nil (As at 31st March, 2022 - Rs. Nil)

25.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

25.4 Loans & Advances

The company has provided staff advances and loans to staff during the financial year.

25.5 Asset Classification & Provisioning

The company complies with the prudential norms of the Reserve Bank of India (RBI) with regard to Income recognition, asset classification and provisioning. The company is following provisioning norms as recommended vide DNBS.CC.PD.No.250/03.10.01/2011-12 dated 2 December 2011, DNBS.PD/CC.No.263/03.10.038/2011-12 dated 20 March 2012 and DNBS.(PD).CC.No.347/03.10.38/2013-14 dated 1 July 2013.C326

Accordingly, during the year, the Company in line with the guidelines laid down under the DNBS.(PD).CC.No.347/03.10.38/2013-14 dated 1 July 2013 has provided Rs. 5313555/- being 1% of the outstanding portfolio as at March 31, 2021. The disclosure made in the following table with respect to the asset classification and the provision is as per the RBI guidelines

Particulars	March 31, 2022 (₹)		March 31, 2021 (₹)	
	Loans for Financial Assistance	Provision	Loans for Financial Assistance	Provision
Summary of Portfolio Balance and related provisions	53,13,55,490	53,13,555	51,10,95,893	51,10,958.93
Note No.6 Long Term Provisions		22,31,693		21,46,603
Note No.8 Short Term Provisions		30,81,862		29,64,356
Note No.11 Other Non Current Assets	22,31,69,306		21,46,60,275	
Note No.12 Trade Receivables under Financing Activity	30,81,86,184		29,64,35,618	
Total	53,13,55,490	53,13,555	51,10,95,893	51,10,959

The Company has made provision for various contractual obligations and disputed liabilities based on its assessment of the amount it estimates to incur to meet such obligations, details of which are given below:

25.6 Qualifying Assets Ratio

S. No.	Particulars	₹	%
A.	Net Assets of the Company	61,61,96,533	
B.	Qualifying Assets	53,13,55,490	
C.	Qualifying Assets Ratio		86.23%
D.	Ratio of Income Generation Loan to Total Loan		
	Income Generation Loan	53,13,55,490	
	Total Loan	53,13,55,490	
	Ratio		100.00%

25.7 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CCM (PK)-2008 dated 1st August 2008

(i) Capital to Risk asset ratio

S. No.	Particulars	As at 31 March, 2022 ₹	As at 31 March, 2021 ₹
A.	Tier I Capital	17,96,59,116	16,79,81,495
B.	Tier II Capital	4,53,13,555	4,51,10,959
C.	Total	22,49,72,671	21,30,92,454
	Total Risk Weighted Assets	58,21,30,353	57,32,03,367
	Capital Ratios		
	Tier I Capital as percentage of Total Risk Weighted Assets (%)	30.86%	29.31%
	Tier II Capital as percentage of Total Risk Weighted Assets (%)	7.78%	7.87%



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M/s. VIRUTCHAM MICROFINANCE LTD.			
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.			
Note No.	NOTES TO THE FINANCIAL STATEMENTS		
	Total Capital (%)	38.65%	37.18%
25.8	Statutory Reserve As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs.2318285/- (Year ended 31 March, 2021 Rs. 2135868/-), out of the Net Profit after tax for the year ended 31st March 2022 to Statutory Reserve.		
25.9	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.		
26	Scale Based Regulation The company has initiated various steps and mechanisms at the management level and is very hopeful of implementing the new guidelines issued by the RBI under DOR.CRE.REC.No.60/03.10.001/2021-22 in October 2021 by October 1, 2022. Based on a preliminary assessment, the company could be categorised under the NBFC - Base Layer (NBFC-BL) based on their size, activity and perceived riskiness with reference to the above mentioned circular.		

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CALCULATION OF CAPITAL ADEQUACY RATIO AS ON 31st MARCH 2022

M/s. VIRUTCHAM MICROFINANCE LTD., Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006. Calculation of Capital Adequacy Ratio as on 31st March 2021			
Particulars	Sub totals	Totals	Totals
Tier I Capital			
Add:			
1. Paid up equity capital	15,02,43,350		
2. Convertible preference shares			
3. Free reserves	3,16,97,821		
4. Share premium (balance in the account)			
5. Capital reserve (rep. sur+ of sale proceeds of asset)		18,19,41,171	
Less:			
1. Accumulated loss in balance sheet			
2. Book value of intangible assets	10,49,162		
3. Deferred revenue expenditure	1,64,746		
4. Deferred tax assets (Net)	10,68,146	22,82,055	
Net owned fund		17,96,59,116	
Less:			
1. Shares in other NBFC's			
2. Shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding 10% of owned fund.			
Tier I Capital		17,96,59,116	
Tier II Capital			
Add:			
1. Non convertible preference shares			
2. revaluation reserve at discounted rate of 55%			
3. General provisions and loss reserves to the extent of (1&1/4)% of risk weighted assets.	53,13,555		
4. Hybrid debt and capital instruments	4,00,00,000		
5. Subordinated debt			
To the extent the discounting value does not exceeding 50% of Tier-I Capital			
	4,53,13,555		
Limited to the extent of Tier I and II for the purpose of capital adequacy (the total Tier II capital Shall not exceed 100% of Tier I)		4,53,13,555	
Tier II Capital		4,53,13,555	
Total of Tier I & Tier II Capital			22,49,72,671
Asset particulars	Amount	% of weight	Risk adjusted amount
Cash and Bank balances including fixed deposits and certificates of deposits with bank	5,11,53,394	0%	-
Fixed Deposits pledged with Banks	2,80,00,000	0%	-
Investments	-	100%	-
Trade Receivable under Financing Activity	53,13,55,490	100%	53,13,55,490
Tangible assets net of depreciation	78,69,683	100%	78,69,683
Intangible Assets net of amortization*	10,49,162	0%	-
Other assets			
a) TDS-income tax (net of provision)	-	0%	-
b) Advance tax paid (net of provision)	-	0%	-
c) Income Tax Refund	8,88,528	0%	-
d) Deferred Tax Assets*	10,68,146	0%	-
e) Staff Advance	28,95,597	0%	-
f) Unamortized Expenses*	1,64,746	0%	-
g) Others to be specified	4,29,05,180	100%	4,29,05,180
Total risk weighted assets	66,73,49,927		58,21,30,353
CAR			38.65%



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QUALIFICATION ASSETS RATIO AS ON 31st MARCH 2022

M/s. VIRUTCHAM MICROFINANCE LTD.,				
Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.				
Qualifying Assets Ratio				
S. No.	Particulars			%
A.	Net Assets of the Company :			
1	Total Assets as per Balance Sheet		66,73,49,927	
	Less:			
2	Cash & Bank balances and financial Institutions, government securities and money market instruments			
	(a) Cash on hand	10,34,011		
	(b) Balances with banks			
	(i) In current accounts	1,76,19,384		
	(ii) In deposit accounts (having maturity period of less than 12 months)	3,25,00,000	5,11,53,394	
	Net Assets of the Company (1-2)	-	61,61,96,533	
	Qualifying Assets :	-		
	Trade receivables under Financing Activity	-		
	(i) Current	30,81,86,184		
	(ii) Non-Current	22,31,69,306		
	Total Qualifying Assets (1+2)	-	53,13,55,490	
	Qualifying Assets Ratio	-		86.23%
3	Income Generation Loan	-	53,13,55,490	
	Ratio of Income Generation Loan to Total Loan	-		100%



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M/s. VIRUTCHAM MICROFINANCE LTD.

NOTE 9

Plot No.1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar, Madurai, Tamil Nadu - 625006.

PROPERTY, PLANT & EQUIPMENT AS AT MARCH 31, 2022

(Amount in ₹)

Sl. No.	Particulars	Gross Block				Depreciation				Net Block	
		Cost as at 01-04-2021	Additions	Deductions	Cost as at 31-03-2022	Upto 31-03-2021	Depreciation for the Year	On Deduction	Upto 31-03-2022	As at 31-03-2022	As at 31-03-2021
A. Tangible Assets											
1	(a) Furniture and Fixtures Owned	2,839,632	748,873	-	3,588,505	1,175,853	343,012	-	1,518,865	2,069,640	1,663,779
2	(b) Computers Owned	3,177,100	126,901	-	3,304,001	3,177,100	126,901	-	3,304,001	-	-
3	(c) Air conditioner Owned	752,836	-	-	752,836	499,660	143,039	-	642,699	110,137	253,176
4	(d) Plant and Machinery Owned	362,723	50,843	-	413,566	85,757	38,971	-	124,729	288,837	276,966
5	(e) Vehicle Owned	6,169,839	-	-	6,169,839	182,635	586,135	-	768,770	5,401,069	5,987,204
Total Tangible Assets (A)		13,302,130	926,617	-	14,228,747	5,121,005	1,238,059	-	6,359,064	7,869,683	8,181,125
B. Intangible Assets											
1	Software	2,318,865	350,000	-	2,668,865	1,387,528	232,175	-	1,619,703	1,049,162	931,337
Total Intangible Assets (B)		2,318,865	350,000	-	2,668,865	1,387,528	232,175	-	1,619,703	1,049,162	931,337
Total Assets (A + B)		15,620,995	1,276,617	-	16,897,612	6,508,533	1,470,233	-	7,978,767	8,918,845	9,112,462
Previous Year		9,852,603	6,568,392	-	15,620,995	5,309,471	1,199,062	-	6,508,533	9,112,462	3,743,132



UDEN: 22022602ALDHVY7996

Assessee's Name :	M/s. VIRUTCHAM MICROFINANCE LTD.,	Status :	LIMITED COMPANY
Date of Incorporation :	08.07.2008	Asst. Year :	2022-23
Nature of Business :	MICRO FINANCE	P.A.N :	AACCV9529Q
Address :	Plot No. 1, Mullai Tower, Mullai Nagar South, Thanakkankulam, Thirunagar Madurai, Tamil Nadu-625006	I.T.Juri :	COMPANY WARD
		Period Ending :	31.03.2022
STATEMENT OF TOTAL INCOME			
INCOME FROM BUSINESS		(Amount in ₹)	(Amount in ₹)
Net Profit as per Profit & Loss A/c.			1,65,00,179
Add: Inadmissible Expenses:			
Income tax paid			
Depreciation as per Companies Act	14,70,233		
Expenses amortised during the year	1,64,748		
Provisions for Loans	14,91,604		31,26,585
			1,96,26,765
Less: Admissible Expenses :			
Accounts Written Off i.e. Bad Debts	12,89,008		
Depreciation as per Income Tax Act	17,58,565		
Income Chargable under the Head Income From Other Sources	14,80,844		45,28,417
INCOME FROM BUSINESS			1,50,98,348
INCOME FROM OTHER SOURCES			14,80,844
Total Income			1,65,79,192
			(or)
Total Income (as rounded off)			1,65,79,190

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STATEMENT OF TAXES		
	(Amount in ₹)	(Amount in ₹)
I. Tax due U/s. 115-JB @ 22%		24,75,027
II. Tax due		41,44,798
Net Tax Payable		41,44,798
Total Tax Payable		41,44,798
Add: Surcharge @7% on above		2,90,136
		44,34,934
Add: Health & Higher Education Cess @ 4% on above		1,77,397
Total Tax, Surcharge and Education Cess Payable		46,12,331
Add: Interest for		
U/s. 234 - A	0	
U/s. 234 - B	72463	
U/s. 234 - C	184688	
U/s. 234 - F	0	
Total Tax and Interest Payable		2,57,151
Less: Prepaid Taxes:		48,69,482
(A) MAT Credit Set off		
(B) Tax deducted at source		
U/s. 194 - Bank Interest	1,48,086.00	
(C) Tax Collected at Source		
U/s. 206CL - Purchase of Motor Vehicle		
(D) Advance Tax:	30,00,000.00	
		31,48,086
Balance tax payable		17,21,396
Total Tax and Interest Payable		17,21,396
Less: Tax on Self-Assessment U/s. 140-A		-
BALANCE TAX AND INTEREST PAYABLE/(REFUND DUE)		17,21,396

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Microcredit Changes Lives – Success Stories

Mrs. Manjula, waffles-making business

Mrs. Manjula is from Mullakalani of Kanchipuram District. She availed a loan INR 30,000 AND INR 25,000 through a Joint Liability Group of VML since she had the idea of establishing a waffle-making company in her own home. With the proceeds from these loans, she began a waffle business and was able to make more than INR 500 each day. They routinely pay back the loan monthly, and they also received a third loan for INR 60,000, which they used to develop their business to the point that they could offer three people jobs. And they were able to pay for all household bills while also providing their kids with an excellent education.



Mrs. Lakshmi, Flower Shop



Mrs. Shanthi is from Jayankondam of Ariyalur District. She availed a loan INR 30,000 through a Joint Liability Group of VML since she had the idea of establishing a flower business with the proceeds from these loans, she began a flower business and was able to make more than INR 700 each day. She obtained a second loan amount of INR 50,000 and she expanded her flower business to include extra sales of spinach, tender coconut, vegetables and various fruits after obtaining a second loan in the amount of INR 50,000. From that she was able to make some earnings, which she used to improve her business. She also routinely pays back the loan monthly. They were able to pay for all household bills.

Mrs. Saranya, E-Sevai Center

Mrs. Saranya is from Chidambaram of Cuddalore District. She availed a loan INR 30,000 through a Joint Liability Group of VML since she had the idea to start an E-Sevai Center. She launched her firm and purchased one computer using the money from these loans. From that, she was able to make more than INR 600 each day. Additionally, she consistently repays the amount each month and she is able to give her children an excellent education.



Mrs. Deepa - Dairy Farm



Mrs. Deepa is from Parasala of Kerala State. She availed a loan of INR 30,000 through a Joint Liability Group of VML. Since she had the idea of buying a cow for her dairy farm, with the proceeds from these loans, she bought one cow that produced 10 litres of milk per day. She sold the milk in nearby areas and was able to make more than INR 450 each day. She routinely pays back the loan on a monthly basis, and she also received a second loan for INR 50,000, which she used to buy another cow to expand her milk farming business to the point where she could take care of all of her family's requirements. She was able to pay for all household bills while also providing their kids with an excellent education.

Mrs. Kasmi - Petty Shop

Mrs. Kasmi is from Senthil Nagar of Tirunelveli District. She availed a loan of INR 30,000 through a Joint Liability Group of VML. With the proceeds from these loans, she started a small shop with the money she received from these loans and was able to make more than INR 400 each day. They routinely pay back the loan on a monthly basis, and they also received a second loan for INR 50,000, which she utilized to expand her grocery store to the point she could take care of all of her family's requirements. She was able to pay for all household bills while also providing their kids with an excellent education.



Mrs. Sharmila - Tailoring Shop



Mrs. Sharmila is from Anaiyur of Madurai District. She was working in a tailoring shop and she earned Rs. 2000/-. This income was too low, so she decided to buy a sewing machine. Knowing about Virutcham Microfinance and getting a loan of Rs. 30,000/- and buying a sewing machine. Now she stitches cloth and gets an income of Rs. 6,000/- per month. This income is enough for her children's education and family expenses. Through this, her standard of life in society has increased.