Annual Report (FY 2023-24)

To the members,

Your Directors are pleased to present the 31st Directors' Report of your Company together with the Audited Statement of Accounts and Auditors' Report of your Company for the financial year ended March 31, 2024. The key highlights of the year are as under:

1. Financial Result

Particulars	**FY 2023-24**	**FY 2022-23**	**Changes**
Operating Income	3,75,51,977	4,79,64,750	-21.71%
Other Income	99,19,479	1,58,51,300	-37.42%
Total Income	**4,74,71,456**	**6,38,16,050**	-25.61%
Less: Operational Expenses			
Personnel Expenses	2,12,80,728	2,97,12,165	-28.38%
Administrative Expenses	56,97,926	78,68,239	-27.58%
Financial charges	1,72,52,402	2,68,01,992	-35.63%
Depreciation	3,25,569	2,91,275	11.77%
Provision For Loans	14,02,547	-7,407,397	-118.93%
Total Operational Expenses	**4,59,59,172**	**5,72,66,274**	-19.74%
Profit before Prior Period & exceptional Items	**15,12,284**	**65,49,776**	-76.91%
Prior Period Expenses	0	0	
Profit/(loss) before tax	**15,12,284**	**65,49,776**	-76.91%
Less: Income tax	1,91,295	0	
Less: Deferred tax	631	2,664,532	-99.98%
Less: Tax of Earlier Years	0	6,03,351	-100.00%
Profit/(Loss) After Tax	**13,20,358**	**32,81,892**	-59.77%

Note: Overall, our company has decreased financial performance during the financial year 2023-2024 due to Manipur riots which started on 3rd May 2023. In response to riots, the Government of Manipur announced a 12 month moratorium for all beneficiaries of banks and Non-Banking Financial Institutions. Consequently, NEDFi granted a 12 month moratorium for the active term loans, and our company extended the same moratorium to our Manipur based beneficiaries. After the 12 months moratorium extended to our beneficiaries, our company has experienced a drop of 25.61% in the total income and 59.77% in the PAT during the financial year 2023-2024.

2. Dividend

The Company issued 15,00,000, 9% Optionally Convertible Preference Shares ("OCPS") of face value Rs. 10 each, to Small Industrial Development Bank of India (SIDBI) and 10,00,000, 9%

Optionally Convertible Preference Shares ("OCPS") of face value Rs. 10 each, to North Eastern Development Finance Corporation (NEDFI) on 17th February 2018 and 17th July 2019 respectively.

According to the terms and conditions of the investment, SIDBI redeemed the remaining balance of ₹75 lakhs, including a dividend of ₹5,25,205, on 10th January 2024. SIDBI had initially invested ₹1.50 crores and had previously redeemed 50% of this investment worth ₹75 lakhs. As of March 31, 2024, the company has the total closing balance of ₹1.00 crores only under Tier II preference share, exclusively for NEDF. Additionally, the Company shall pay a dividend of 9% on 9,00,000 OCPS aggregating ₹1.00 crore, on a pro-rata basis up to March 31, 2024, subject to the approval of the Members at the ensuing Annual General Meeting ("AGM") as per the terms and conditions of the investment. The said dividend, if approved by the Members, would involve a cash outflow of ₹9,00,000. (Dividend distribution tax will be NIL as per new provision of Income Tax Act).

			Period		Dividend Amount	Remarks
Investor	**Dividend (%)**	**Investment Balance**	**From**	**To**		
SIDBI	9%	7,500,000	1-Apr-23	10-Jan-24	525,205	Already paid to SIDBI on 10.01.2024
NEDFi	9%	10,000,000	1-Apr-23	31-Mar-24	900,000	
				Total	**1,425,205**	

In order to conserve the resources of the company and to build up reserves, the Directors are not recommending any dividend against equity shares.

3. Transfer to reserves

During the year, entire profit has been transferred to Reserves. 20% Profit transferred to statutory reserve

4. Comprehensive MFI Grading

SMERA assigned the company a COCA of C2 in January 2024, indicating 'good performance on code of conduct dimensions'. However, our MFI Grading was downgraded by SMERA from M3 to M4 in March 2024, indicating 'average capacity of the MFI to manage its operations in a sustainable manner. The main reason for this downgrade was the significant decrease in our own book portfolio during the financial year 2023-2024.

5. Bank Loan Rating

Acuite reviewed our company's bank loan rating during the Manipur riots. In response to the riots, the Government of Manipur announced a 12 months moratorium for all beneficiaries of banks and Non-banking financial institutions. Consequently, NEDFi granted a 12 months moratorium for our two active term loans, and our company extended the same moratorium to our Manipur based beneficiaries. Despite this moratorium from NEDFi, Acuite downgraded our company's bank loan rating from "ACUITE BB" to "ACUITE C" in October 2023. There was no overdue in any of the repayments.

6. CAPITAL ADEQUACY

The Capital Adequacy Ratio of the company was 44.31% as of March 31, 2024 as against the minimum capital adequacy requirements of 15% by RBI.

7. PUBLIC DEPOSITS

The Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45-1A of the RBI Act, 1934 and reclassified as NBFC-MFI, effective from 22nd March, 2016. Your Directors hereby report that the Company has not accepted any public deposits during the year under review and it continues to be a non-deposit taking non banking financial company in conformity with the guidelines of the RBI. As such no amount of principal and interest was outstanding during the year.

8. INTERNAL CONTROLS

The Company has a well-established and adequate internal financial control and risk management framework, with appropriate policies and procedures, to ensure the highest standards of integrity and transparency in its operations and a strong corporate governance structure, while maintaining excellence in services to all its stakeholders. Appropriate controls are in place to ensure: (a) the orderly and efficient conduct of business, including adherence to policies, (b) safeguarding of assets. (c) Prevention and detection of frauds / errors, (d) accuracy and completeness of the accounting records and (e) timely preparation of reliable financial information. An independent internal audit system is in place to conduct audits of all the branches, as well as the head office.

The Company has an Audit Committee, which regularly reviews and monitors systems, internal controls, risk management measures, accounting procedures, financial management and operations of the Company based on the observations made by the Internal Audit Head.

9. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:

The Company has in place Anti-Sexual Harassment Policy named "Prevention of Sexual Harassment (POSH) Policy' in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committees (ICC) has been set up to redress complaints received regarding sexual harassment.

Your Directors further state that during the year under review, there was no complaint received.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and state that:

(i) In the preparation of the annual accounts for the financial year ended March 31, 2024, the applicable accounting standards were followed along with proper explanations relating to material departures;

(ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit /loss of the Company for that period;

(iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the company, and for preventing and detecting frauds and other irregularities;

(iv) The Directors had prepared the annual accounts on a going concern basis;

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

(vi) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(vii) DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations of independence from each of its Independent Directors under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independent director envisaged in section 149(6) of the Companies Act, 2013.

(viii) AUDITORS

M/s D. Patwary & Co., Chartered Accountants, (FRN: 324523E), having their office at 1st Floor, Master Enclave, Christian Basti, Udayachal Path, Guwahati, Assam - 781005 was appointed as the Statutory Auditors of the Company from the conclusion of 28th Annual General Meeting till the Conclusion of 33rd Annual General Meeting of the Company to be held in 2026.

(ix) DETAILS OF SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

There was no significant & material order passed by Regulators/Courts/Tribunal during the period under review.

(x) DETAILS REGARDING ANY PROCEEDINGS PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016

No application was made and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the year.

(xi) LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

The Company does not have any subsidiaries and hence has not made any layered investments of the kind specified under Section 186 (1) of the Companies Act 2013.

(xii) MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Except as disclosed elsewhere in this report, there have been no material changes and commitments which have occurred between the end of the financial year of the Company and the date of this report which can affect the financial position of the Company.

(xiii) TRANSACTION WITH RELATED PARTIES

All related party transactions that were entered into during the financial year ended March 31, 2024 were on an arm's length basis and were in the ordinary course of business. Therefore, the provisions of Section 188 of the Companies Act, 2013 were not attracted.

(xiv) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS/ OUTGO IN TERMS OF SECTION 134(3)(M) OF THE COMPANIES ACT 2013 AND RULE 8 OF COMPANIES (ACCOUNTS) RULES, 2015

a) Energy Consumption:

There are no matters to be reported under this head as the Company is not engaged in power- intensive activities and hence not applicable to this Company.

b) Technology Absorption:

There are no matters to be reported under this head as the Company is not entered into any technical collaboration agreements.

c) Foreign Exchange Outflow/Inflow:

The Company has no transactions in foreign currency during the Financial Year 2023-24.

d) DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

Risk management is a cornerstone of YVU Financial's operations, essential to our thriving as an NBFC-MFI amidst the unique risks associated with our industry. We have built a robust risk management framework, continuously evolving and refined to promptly respond to shifting risk dynamics. Our approach rests on three pillars - Business Risk Assessment, Operational Controls Assessment, and Policy Compliance Processes, facilitating systematic identification and mitigation of major risks. We engage in continual, event-driven risk evaluation to ensure the utmost preparedness.

Both the Management and the Risk Management Committee of the Board take part in these ongoing discussions, ensuring a thorough understanding and strategic response to risks including competitive intensity and regulatory changes. The Risk Management

Committee rigorously reviews our policies in relation to diverse risks and compliance with regulations, ensuring our risk management strategy remains effective, adaptable, and forward-looking

e) RBI REGULATION

The Company was re-classified as NBFC-MFI by RBI w.e.f. 22nd March, 2016 and has complied with the regulations stipulated by the apex bank.

f) AUDITORS REPORT

The Board has duly examined the Statutory Auditors' Report for the financial year 2023-24, which is self- explanatory. There are no qualifications, reservations or adverse remarks or disclaimer made by the auditor in their report for the year under review and requires no further comments thereon.

g) REPORT ON CORPORATE GOVERNANCE

Company's philosophy on Corporate Governance

At YVU Financial, we understand our responsibilities as a corporate entity and are committed to upholding the highest standards of Corporate Governance. We ensure transparency, ethical conduct, and accountability in all our operations, engaging diligently with our customers, government, and other stakeholders.

Our business activities follow exemplary corporate practices, and we continually strive to enhance these standards by adopting best practices to maintain excellence. YVU Financial is dedicated to its mission of offering a wide range of financial services to the economically active poor, thereby supporting them in building a better life.

We remain committed to balancing our social and financial objectives, with responsible financing, ethical values, and transparency forming the foundation of our operations. These principles guide our interactions with customers, lenders, investors, and employees, reinforcing our dedication to ethical and transparent business practices.

A) Board of Directors

As on March 31, 2024, the Board of Directors of the company consists of 7 Directors out of which 1 is an Executive Director (Managing Director), 1 Non-Executive Director, 2 Nominee Directors and 3 Independent Directors. The Board of Directors of the Company has one woman director, Ms. Akoijam Bino Devi. The Board of Directors of the company is constituted in compliance with the Reserve Bank of India Act, 1934 and Companies Act, 2013 and in accordance with good corporate governance practices. The current composition of the Board of Directors is as below:

Sl. No.	Name of Director	Designation and Category
1	Mr. Akoijam Tikendrajit Singh (DIN - 2296640)	Non-Executive,

		Chairman
2	Ms. Akoijam Bino Devi (DIN - 2296648)	Nominee Director (YMBT)
3	Mr. W Prabin Singh (DIN - 3588391)	Nominee Director (NEDFi)
4	Dr. Ch. Ibohal Meitei (DIN - 7596336)	Non-Executive, Independent Director
5	Mr. Nagaraja V (DIN - 03305719)	Non-Executive, Independent Director
6	Mr. Maibam Rajendra Singh (DIN - 7294239)	Non-Executive, Independent Director
7	Mr. Bikendrajit Singh Akoijam (DIN- 2296632)	Managing Director

(i) Board meetings held

Over the course of the 2023-24 fiscal year, our Board of Directors convened three times, utilising a hybrid approach of video conferencing and in-person meetings. While the Companies Act, 2013, mandates a minimum of four meetings in a year, exceptional circumstances prevented us from adhering to this requirement.

Due to the ethnic crisis that began on May 3, 2023, and lasted for over a year, it was impossible to hold any meetings during the first four months of the financial year. The situation was further compounded by the Government of Manipur's decision to shut down the internet for an extended period, which was reported to be the longest internet ban in the world in 2023, rendering video conferencing unfeasible.

Despite these challenges, we successfully addressed a wide array of topics during the meetings we were able to hold. Our Board met on the 14th of August, 13th of December 2023, and 29th of March 2024. The meetings of the Board and the attendance of the Directors are detailed below:

Sl. No.	**Name of Directors**	**Date of meeting**		
		14.08.2023	**13.12.2023**	**29.03.2024**
1	Ak Tikendrajit	Yes	Yes	Yes
2	Ak Bino Devi	Yes	Yes	Yes
3	W Prabin Singh	No	Yes	Yes
4	Ch. Ibohal Meitei	No	Yes	Yes

5	Nagaraja V	Yes	Yes	Yes
6	M. Rajendra Singh	Yes	Yes	Yes
7	Bikendrajit Akoijam	Yes	Yes	Yes

B) Audit Committee

The Audit Committee currently consists of the following members:

i. Mr. W. Prabin Kumar Singh

ii. Mr. M. Rajendra Singh

iii. Mr. Ak. Tikendrajit Singh

All the recommendations of the Committee have been adopted by the Board. Due to the ethnic crisis starting on May 3, 2023, and the prolonged internet shutdown by the Government of Manipur, which made video conferencing unfeasible, we were unable to hold the required four Sub Committee meetings during the financial year. The meetings of the Audit Committee and attendance of its members are as given below:

Sl. No.	**Name of Directors**	**Date of meeting**		
		10.08.2023	**12.12.2023**	**28.03.2024**
1	Ak Tikendrajit	Yes	Yes	Yes
2	W Prabin Singh	Yes	Yes	No
3	M. Rajendra Singh	Yes	Yes	Yes

C) Assets and Liabilities Committee

The Assets and Liabilities Committee currently consists of the following members:

i. Mr. W. Prabin Kumar Singh

ii. Mr. Bikendrajit Akoijam

iii. Mr. Ak. Tikendrajit Singh

All the recommendations of the Committee have been adopted by the Board. Due to the ethnic crisis starting on May 3, 2023, and the prolonged internet shutdown by the Government of Manipur, which made video conferencing unfeasible, we were unable to hold the required four Sub Committee meetings during the financial year. The meetings of the Assets and Liabilities Committee and attendance of its members are as given below:

Sl. No.	Name of Directors	Date of meeting		
		10.08.2023	**12.12.2023**	**28.03.2024**
1	W. Prabin	Yes	Yes	Yes
2	Bikendrajit Ak	Yes	Yes	Yes
3	Ak. Tikendrajit	Yes	Yes	Yes

D) Risk Management Committee

The Risk Management Committee currently consists of the following members:

i. Mr. W. Prabin Kumar Singh

ii. Mr. Bikendrajit Akoijam

iii. Mr. Ak. Tikendrajit Singh

All the recommendations of the Committee have been adopted by the Board. Due to the ethnic crisis starting on May 3, 2023, and the prolonged internet shutdown by the Government of Manipur, which made video conferencing unfeasible, we were unable to hold the required four Sub Committee meetings during the financial year. The meetings of the Risk Management Committee and attendance of its members are as given below:

Sl. No.	Name of Directors	Date of meeting		
		10.08.2023	**12.12.2023**	**28.03.2024**
1	W. Prabin	Yes	Yes	Yes
2	Bikendrajit Ak	Yes	Yes	Yes
3	Ak. Tikendrajit	Yes	Yes	Yes

E) Grievance Redressal Committee

The Grievance Redressal Committee currently consists of the following members:

i. Dr. M. Rajendra Singh

ii. Ms. Ak. Bino Devi

iii. Mr. W. Prabin Kumar Singh

All the recommendations of the Committee have been adopted by the Board. Due to the ethnic crisis starting on May 3, 2023, and the prolonged internet shutdown by the Government of Manipur, which made video conferencing unfeasible, we were unable to hold the required four Sub Committee meetings during the financial year. The meetings of the Grievance Redressal Committee and attendance of its members are as given below:

Sl. No.	Name of Directors	Date of meeting		
		10.08.2023	12.12.2023	28.03.2024
1	M. Rajendra	Yes	Yes	Yes
2	Ak. Bino	Yes	Yes	Yes
3	W. Prabin	Yes	Yes	Yes

F) Human Resource Committee

The Human Resource Committee currently consists of the following members:

i. Dr. M. Rajendra Singh

ii. Mr. Ak. Tikendrajit Singh

iii. Dr. Ch. Ibohal Meitei

All the recommendations of the Committee have been adopted by the Board. Due to the ethnic crisis starting on May 3, 2023, and the prolonged internet shutdown by the Government of Manipur, which made video conferencing unfeasible, we were unable to hold the required four Sub Committee meetings during the financial year. The meetings of the Human Resource Committee and attendance of its members are as given below:

Sl. No.	Name of Directors	Date of meeting		
		10.08.2023	12.12.2023	28.03.2024
1	M. Rajendra	Yes	Yes	Yes
2	Ak. Tikendrajit	Yes	Yes	Yes
3	Ch. Ibohal	Yes	Yes	Yes

G) Banking and Debt Committee

The Banking and Debt Committee currently consists of the following members:

i. Dr. M. Rajendra Singh
ii. Mr. Ak. Tikendrajit Singh
iii. Ms. Ak. Bino Devi
iv. Mr. Bikendrajit Akoijam

All the recommendations of the Committee have been adopted by the Board. The Banking and Debt Committee held one meeting during the financial year 2023-24. Unlike other committees, there is no mandate requiring this committee to convene four times a year. Instead, meetings are scheduled as and when necessary to address pertinent issues. The meetings of the Banking and Debt Committee and attendance of its members are as given below:

Sl. No.	Name of Directors	Date of meeting
		18.12.2023
1	M. Rajendra	Yes
2	Ak. Tikendrajit	Yes
3	Ak. Bino	Yes
4	Bikendrajit Ak.	Yes

H) Management Discussion and Analysis Report

The Management Discussion and Analysis Report has been enclosed as Annexure - A to this Report.

I) Acknowledgment

The Board of Directors extends its deepest gratitude to our investors, clients, business associates, and banking partners for their unwavering support and cooperation, pivotal to our success. We eagerly anticipate our continued collaboration. The Board also wishes to express its profound appreciation for the dedicated service of our employees at every level, who serve as the bedrock of our operations.

For and on behalf of the Board of Directors

Sd/-

Bikendrajit Singh Akoijam
Managing Director
DIN: 02296632

Sd/-

Akoijam Tikendrajit Singh
Chairman and non-executive Director
DIN: 02296640

Annexure - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Microfinance sector

In the fiscal year 2023-24, the microfinance sector in India experienced a robust expansion, with the portfolio outstanding reaching Rs 4.42 lakh crore, marking a significant growth of 26.8%. This surge was led by NBFC-MFIs, which commanded a 39.2% market share, outpacing banks, small finance banks (SFBs), and other NBFCs. Notably, loans in the ticket size range of Rs 30,000 to Rs 50,000 dominated the portfolio, accounting for 46.9% of the total as of March 2024. Furthermore, approximately 26% of the originations were attributed to new credit users, indicating the sector's pivotal role in driving financial inclusion. The sector did continue to navigate challenges such as regulatory changes and competitive pressures, yet it remained a critical conduit for empowering low-income households and microenterprises across India.

Microfinance Sector in Manipur:

The microfinance sector in Manipur faced severe disruptions due to the ethnic crisis that began on May 3, 2023. The state was under curfew and various restrictions, including an internet shutdown that lasted until September 23, 2023. These measures significantly hampered microfinance operations. Thousands of homes were destroyed, forcing many families into relief camps.

For YVU Financial, 1,408 borrowers (952 for on balance sheet, 458 for Avanti Finance, and Nil for NEDFi BC) were in relief camps as of March 31, 2024. The government granted a 12-month loan repayment moratorium to mitigate the impact of the crisis. YVU Financial requested and received this moratorium from NEDFi, thanks to their understanding. However, we did not seek a moratorium from IDFC First Bank due to the nearing closure of the loan and sufficient liquidity.

YVU Financial also extended a 12-month moratorium to 5,385 borrowers, covering a loan outstanding of ₹12,70,99,809. The earnings of almost all entities have been severely affected by the crisis. We are deeply grateful to Avanti Finance and NEDFi for their continued support and understanding during these challenging times.

Business Growth:

The financial year 2023-24 witnessed considerable strategic shifts within YVU Financial, with a key focus on diversifying our financial offerings. While our on-balance sheet loan portfolio saw a decrease from ₹20.89 crores in FY 22-23 to ₹18.50 crores in FY 23-24, we noted an expansion in our off-balance sheet, or managed portfolio, which grew from ₹25.48 crores to ₹28.64 crores.

This shift in our portfolio composition is indicative of our strategic partnership growth, particularly with Avanti Finance and NEDFi. As a result, our overall Asset Under Management (AUM) increased from ₹46.38 crores in FY 22-23 to ₹47.13 crores in FY 23-24. This continued growth in AUM, despite internal adjustments, reflects our resilient business model and our ability to adapt and thrive in the ever-changing landscape of the microfinance sector.

Branch:
The branch count as of 31st March 2024 was 12.

Customer Segment:
Our primary target customers are the economically backward members of society, particularly women of the weaker sections of society with a view to creating jobs and empowering them.

BC Loan Portfolio:
The 2023-24 fiscal year saw notable growth in our Business Correspondent (BC) Model, which began in July 2021 with Avanti Finance. The managed portfolio under our BC partnerships (Avanti and NEDFi) increased from ₹25.48 crores at the end of FY 2022-23 to ₹28.64 crores this fiscal year. In April 2023, NEDFi raised the BC Exposure limit from ₹10 crore to ₹15 crore.

We disbursed a total of 978 loans, amounting to ₹4.78 crores in FY 2023-24, highlighting the effectiveness of our BC Model in supporting our growth objectives.

Risk Management
Effective risk management is integral to our operations, given the inherent risks in lending and our operational environment. We assess, monitor, and manage risks through comprehensive, evolving policies centered on three pillars: Business Risk Assessment, Operational Controls Assessment, and Policy Compliance Processes. Our proactive approach ensures agility and timely identification of potential threats.

Key risks and mitigation plans include:

➔ **Political Risk**
Political instability poses a significant risk. We mitigate this through responsible lending, fair pricing, and adherence to the Fair Practice Code and Common Code of Conduct by Sa-Dhan. The Board reviews compliance quarterly.

➔ **Concentration Risk**
Our company manages concentration risk by avoiding disproportionate emphasis on both microfinance loan portfolio and borrowings. More than 80% of our loan portfolio is concentrated in Manipur. While we strive to reduce geographical concentration, we also balance operational efficiency, monitoring ease, and operation cost factors.

➔ **Operational and Fraud Risk**
To manage risks in collateral-free loans, we employ LMS validation, Credit Bureau integration, and cashless loan recovery via UPI-enabled apps. Regular reconciliations, SMS updates, and branch team training further mitigate fraud risks.

➔ **Liquidity Risk**

We maintain liquidity through well-defined policies, regular cash flow projections, and strategic investments in short-term fixed deposits. Management and the Board's Assets and Liabilities Committee review liquidity reports regularly.

➔ **Information Security Risk:**

Information Security is maintained through our comprehensive information security management system (ISMS), enhancing overall information security. Audits by third-party agencies ensure the privacy of client data and security of our LMS database.

Audit and Internal Controls

Our Internal Audit function operates as an independent and objective entity, aimed at enhancing our operations. Reporting to both the Audit Committee and the Managing Director, the team employs a disciplined, risk-based approach to assess and improve our governance, risk management, and control processes. Regular risk-based and thematic internal audits are conducted across branches and functional units. The findings are shared with senior management and the Audit Committee for review and necessary action, ensuring ongoing improvement and adherence to best practices.

In-house developed web applications

Our Company's IT team has diligently developed a suite of web applications to streamline operations and improve overall efficiency. These tools have facilitated significant advancements in our operational capabilities. The suite includes:

Client Insurance Settlement Application:

This application streamlines the processing of insurance claims related to the demise of a borrower or co-borrower, managing the entire claim process and allowing users to track claim statuses, thus improving efficiency and client experience.

Loan Utilisation Check Application:

Recently developed, this application ensures that loans are used for their intended purposes by capturing geolocation data and photos, providing verification and accountability.

Customer Grievance Redressal Application:

This application provides an effective mechanism for resolving customer complaints, ensuring a smooth and responsive grievance redressal process from submission to resolution.

Field Visit Tracking System:

Essential for tracking field visits by staff, this application captures geotagged locations and times, logging visit reports which serve as references for sanctioning local conveyance reimbursement claims.

Stock Management Application:

This application ensures efficient stock management by handling requests and approvals for office supplies, preventing shortages and ensuring uninterrupted operations.

Loan Recovery Application:

This innovative tool enables Field Executives to process loan recoveries via mobile phones, enhancing efficiency and reducing stationery and printing costs. To ensure more transparency, we send an SMS to the client at the end of every transaction, and our core team can track and verify every entry in real time.

These applications exemplify our commitment to innovative digital solutions that enhance operational capabilities and ensure a positive client experience.

Employee Development:
YVU Financial has made significant strides in enhancing our employee development initiatives to align with the evolving business landscape. Employees were comprehensively trained on critical RBI guidelines, including those related to microfinance loans and moratoriums, solidifying our adherence to regulatory frameworks and minimising potential errors in customer communication.

Our commitment to employee growth extends beyond regulatory training. We have introduced cross-functional training programs to nurture versatile skill sets among our teams, facilitating adaptability in diverse roles. Recognition programs have been instituted to acknowledge and reward standout performances and dedication, fostering a sense of pride, belonging, and motivation within our workforce.

YVU Financial remains dedicated to investing in our people, ensuring they are equipped with the knowledge and skills necessary to excel in their roles and contribute to our collective success.

For and on behalf of the Board of Directors

Sd/-

Bikendrajit Singh Akoijam
Managing Director
DIN: 02296632

Sd/-

Akoijam Tikendrajit Singh
Chairman and non-executive Director
DIN: 02296640