Chaitanya

Chaitanya India Fin Credit Private Limited

Annual Report 2021-22

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Message from Managing Director & CEO

Dear All,

I am pleased to be writing this message for the third year since Chaitanya became a part of the Navi Group. While the last two years have been challenging for the microfinance industry given contracting growth rates and the COVID-19 pandemic, "I am proud of our stellar performance in FY22. Chaitanya has stood out this year as one of the fastest growing NBFC-MFIs in the country:"

- Our AUM grew by 91% from ₹1,389 in FY21 to ₹2,654 crores in FY22;
- Our ROA grew from 2.1% in FY21 to 3% in FY22, despite COVID-19 related provisions;
- We expanded our geographical footprint, entering 3 large states (i.e. Tamil Nadu, Rajasthan & Gujarat). As a result, our portfolio concentration in our home state of Karnataka reduced from 40% in FY22 to 32% in FY23; and
- We posted the fastest growth amongst all NBFC-MFIs in the country while still maintaining industry-leading ROA and ROE.

We continue to set audacious goals for the upcoming year and hope to continue our expansion in a sustainable and profitable manner. This foundation will undoubtedly hold us in good stead for years to come.

I remain confident about our future growth given the size of the opportunity and our proven track record of clinical execution. A substantial number of India's rural low-income households still continue to rely on informal sources for their credit requirements and thus fall prey to high interest rates. This gives us a great opportunity to attract customers and further the cause of financial inclusion by extending credit at affordable rates.

We continue to invest in technology and automation wherever possible to improve our operations. This year we've also made strides in lowering our cost of funds by leveraging our strong performance and the Navi group's robust financial position. All of this growth has come on the back of consistently improving ratings (India Ratings assigned us an A/ Stable rating in May 2021).

> "I am proud of our stellar performance in FY22. Chaitanya has stood out this year as one of the fastest growing NBFC-MFIs in the country"

It is also encouraging to see that the RBI has made moves towards liberalising the sector. In March 2022, the RBI notified a new set of regulations which help level the playing field and simplify the compliance for all entities operating in the microfinance sector. Chaitanya is well placed to leverage these new regulations to increase profitability while still keeping our interest rates competitive.

In conclusion, I would like to congratulate our senior management and employees across the country for successfully navigating a challenging year. We have always set ambitious targets and our teams have responded to the challenge with rigour and dedication. I would also like to thank our Board members for helping us maintain high standards of corporate governance while facilitating our goals.

Here's to an even more successful FY23.

Best,
Sachin Bansal
Managing Director & CEO

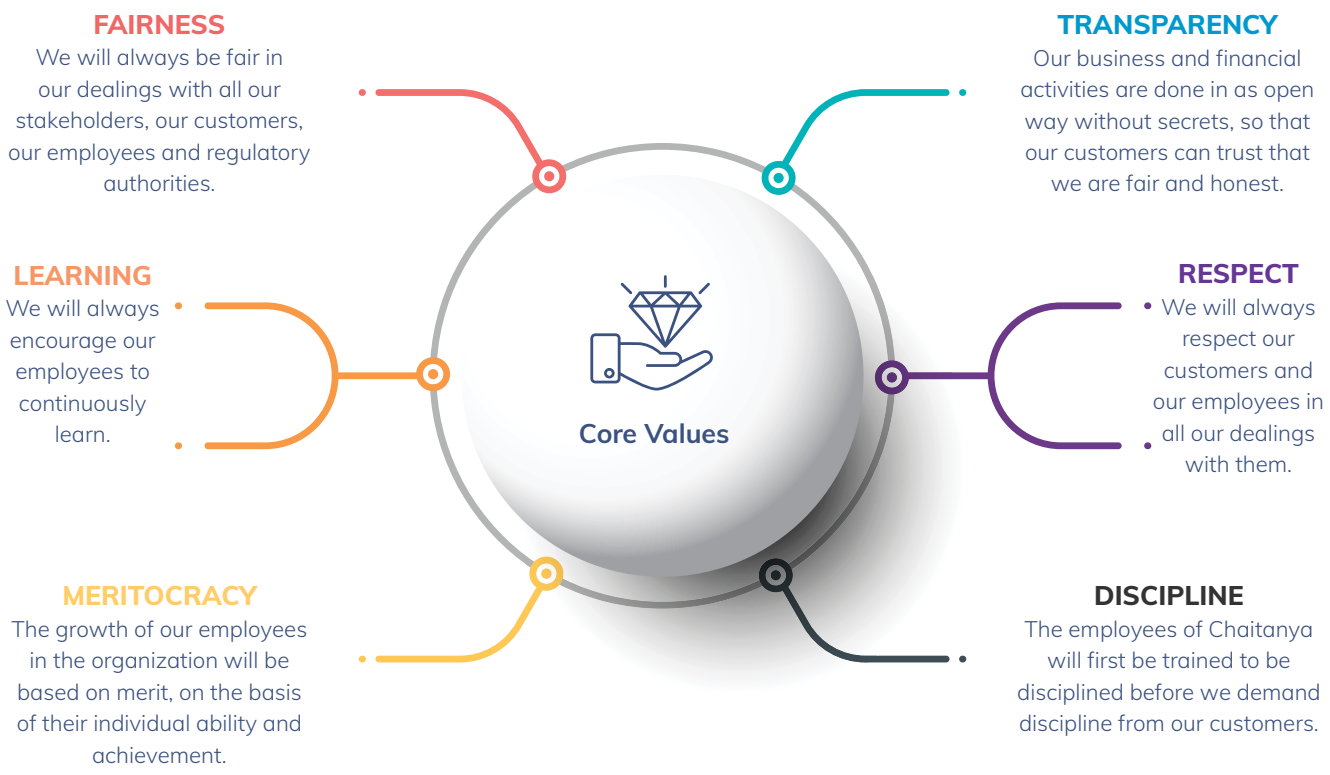
Our Values

Mission

Improving lives of Low- Income Families through provision of financial services and ensuring sustainable shareholder returns.

Vision

To be a Pan India Rural Financial Services company meeting the full spectrum of financial service needs for low-income rural customers.



Company Information

Chief Financial Officer

Abhik Sarkar

Company Secretary

Anup Kumar Gupta

Registrar and Share Transfer Agent

KFin Technologies Limited
Selenium Tower B, Plot 31 & 32 Financial District,
Nanakramguda, Serilingampally Mandal
Hyderabad, Ranga Reddy - 500 032, Telangana
Toll Free - 1- 800-309-4001
Email - einward.ris@kfintech.com

Secretarial Auditor

RSVH & Associates LLP

Statutory Auditor

Varma & Varma, Chartered Accountant

Debenture Trustee

Catalyst Trusteeship Limited

Windsor, 6th Floor, Office No. 604, C.S.T. Road,
Kalina, Santacruz (East), Mumbai – 400098
Office: 022-49220555, Fax: 022-49220505
Email: dt.mumbai@ctltrustee.com

IDBI Trusteeship Service Limited

Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 001.
T: (+91) (22) 40807062; M: 8097474623
Email id: swapneil.tiwari@idbitrustee.com

List of Lenders

SFBs

Ujjivan Small Finance Bank

PSU Bank

Bank of Baroda
Bank of India
Bank of Maharashtra
Canara Bank
Indian Bank
Punjab National Bank
State Bank of India

Private Bank

Axis Bank Ltd
Catholic Syrian Bank
Dhanlaxmi Bank
Federal Bank Ltd
HDFC Bank Ltd
ICICI Bank
IDBI Bank
IDFC First Bank
Karnataka Bank Ltd
Kotak Bank
RBL Bank
South Indian Bank

NBFC

ABFL
Bajaj Finserv Ltd
Herofin Corp Ltd
IFMR Fimpact Long Term Multi Asset Class Fund
MAS Financial Services
Nabsamruddhi
Navi Finserv Pvt Ltd
UC Inclusive Credit Pvt Ltd

MNC Banks

HSBC
Standard Chartered
State Bank of Mauritius

DFIs

CDC
MICROFINANCE ENHANCEMENT FACILITY
Mudra
NABARD
NABKISAN
UNIFI

Capital Market

AK Capital finance Ltd

Insurance Partners

HDFC
Kotak
ICICI
IFFCO-Tokio

Board and Committees

Board of Directors

Sr. No	Name	Designation
1.	Mr. Sachin Bansal	Managing Director & CEO
2.	Mr. Anand Rao	Joint Managing Director
3.	Mr. Ankit Agarwal	Director & Deputy CEO
4.	Mr. Ranganathan Sridharan	Independent Director
5.	Ms. Usha A Narayanan	Independent Director
6.	Mr. Samit S Shetty	Nominee Director

Committees of Board

Sr. No	Name of the Committee	Composition	Category
1)	Audit Committee	Ms. Usha A Narayanan	Chairperson
		Mr. Ranganathan Sridharan	Member
		Mr. Samit S Shetty	Member
2)	Risk Management Committee	Mr. Ranganathan Sridharan	Chairman
		Mr. Ankit Agarwal	Member
		Mr. Anand Rao	Member
		Ms. Usha A Narayanan	Member
3)	Nomination and Remuneration Committee	Ms. Usha A Narayanan	Chairperson
		Mr. Ranganathan Sridharan	Member
		Mr. Samit S Shetty	Member
4)	Asset & Liability Management Committee	Mr. Anand Rao	Chairman
		Mr. Ankit Agarwal	Member
		Mr. Abhik Sarkar	Member
5)	Information Technology Strategy Committee	Mr. Ranganathan Sridharan	Chairman
		Mr. Sachin Bansal	Member
		Mr. Anand Rao	Member
		Mr. Linjin T	Member
6)	Corporate Social Responsibility Committee	Mr. Ranganathan Sridharan	Chairman
		Ms. Usha A Narayanan	Member
		Mr. Anand Rao	Member
7)	Finance Committee	Mr. Anand Rao	Member
		Mr. Ankit Agarwal	Member

Our Products

Loan Products

Chaitanya's aim is to empower the rural and semi-urban population of the country through financial inclusion. The loan products at Chaitanya have been provisioned with the intent to empower women and improve their livelihood. The features of the products are defined clearly to serve the diverse needs of our customers with respect to purpose, tenure, ticket size and interest rate. Chaitanya's ideology is to provide loans based on customer needs and not any specific purposes. An analysis of the portfolio shows primarily loans have been pursued by customers for income generation purposes at ~ 94% and the balance for purposes of life improvement. The overall category-wise distribution of the portfolio is given below:

Purpose	Percentage
Income Generation Loans	**94%**
Agri & Allied	46%
Trade & Manufacturing	19%
Livestock & Poultry	19%
Dairy	9%
Consumption expenses	6%
Services & Small Business	1%

CSR Activities

Directors' Report

Dear Members,

The Board of Directors of Chaitanya India Fin Credit Private Limited ("your Company" or "the Company") is pleased to present the Thirteenth Directors' Report along with the Audited Financial Statements of your Company for the Financial Year ended March 31, 2022.

Financial Summary and Highlights

The Financial Statements of the Company for the year ended March 31, 2022, have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013.

Particulars	FY22 (In lakhs)	FY21 (In lakhs)	Change over FY21
Total income	36,126.34	23,374.12	54.56%
Finance cost	13,114.07	7,668.54	71.01%
Net income	**23,012.27**	**15,705.58**	**46.52%**
Operating expenses	13,672.70	7,960.94	71.75%
Pre provision operating profit	**9,339.57**	**7,744.64**	**20.59%**
Impairment of financial instruments	2,308.45	5,228.60	-55.85%
Profit before tax	**7,031.12**	**2,516.04**	**179.45%**
Profit after tax	**5,225.30**	**2,062.53**	**153.34%**
Other comprehensive income	-191.11	223.63	-185.42%
Total comprehensive income	**5,034.19**	**2,286.16**	**120.21%**

During the financial year the Company's revenue grew by 55% to INR. 36,126.34 lakhs (previous year INR. 23,374.12 lakhs) and the net income grew by 47% to INR. 23,012.27 lakhs (previous year INR. 15,705.58 lakhs). The total operating expenses grew by 72% to INR. 13,672.70 lakhs (previous year INR. 7,960.94 lakhs). Profit before tax grew by 179% to INR. 7,031.12 lakhs (previous year INR 2,516.04 lakhs). Profit after tax grew by 153% to INR 5,225.30 lakhs (previous year INR. 2,062.53 lakhs). Total comprehensive income grew by 120% to INR. 5,034.19 lakhs (previous year INR. 2,286.16 lakhs). During the year the Company provided an impairment allowance of INR. 2,308.45 lakhs (previous year INR. 5,228.60 lakhs).

Key Operational Highlights

Particulars	FY22	FY21
Branches	469	275
Districts	111	68
States	10	7
Borrowers	814375	5,14,580
JLG Loans disbursed (Rs. in lakhs)	2,63,901	1,28,840
Total assets under management (INR. in lakhs)	2,65,430	1,39,633

During the year, the number of branches grew by 70% to 469 (previous year 275). The number of borrowers grew by 58 % to 8.14 lakhs (previous year 5.14 lakhs). Loan disbursal grew by 104% to INR 2,63,901 lakhs (previous year INR 1,28,840 lakhs). Total assets under management grew by 90% to INR 2,65,430 lakhs (previous year INR 1,39,633 lakhs)

Deemed Public Company

Navi Technologies Limited, the Ultimate Holding Company, and Navi Finserv Limited, Holding Company of your Company have got themselves converted into Public Limited Companies on February 15, 2022 and April 5, 2022 respectively. As per the provisions of Section 2 (71) of the Companies Act, 2013, your Company is a 'Deemed Public Company' before the Law.

Transfer to Reserves

During the year under review, the Company transferred 20% of its profits for the year amounting to INR 1,006.88 lakhs to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

The Company has not transferred any amount to General Reserve for the year under consideration.

Dividends

In order to augment the capital requirements for supporting the growth of business of the Company, through retention of internal accruals, the Board of Directors has not recommended any dividend on Equity Shares for the Financial Year 2021-22.

Details of Deposits

The Company is registered with Reserve Bank of India (RBI) as Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934 and is classified as NBFC-MFI. The Board of Directors hereby confirm that the Company has not accepted any deposits as defined under the Companies Act, 2013.

RBI Regulations

The Company being an NBFC-MFI, is in compliance of the regulatory requirements as prescribed under the RBI Act, 1934, to carry on the business of an NBFC-MFI. Further, the Company, being a Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934, your Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without the prior approval of Reserve Bank of India.

Revised Regulatory Framework for Microfinance

The Reserve Bank of India vide its Master Direction dated March 14, 2022, has issued the Regulatory Framework for Microfinance Loans (RBI/DOR/2021-22/89), which has come into effect from April 01, 2022. Since your Company is already in the business of Microfinance and it is favourably positioned since the Direction has increased the household income limit for microfinance loans, removed the ceiling for maximum chargeable interest, Lender Count and Loan Tenure, revised the Qualifying Assets Criteria to 75% of the Total Assets etc. These Directions will further help your Company in expanding its business by reaching out to more households spread across the Country. Your Company has already made necessary changes and recalibrations required to disburse loans as per the requirements of the new directions.

Capital Adequacy

As on March 31, 2022, the Capital to Risk Assets Ratio (CRAR) stood at 17.38 % which is higher than the minimum requirements of 15% CRAR stipulated by the Reserve Bank of India. Out of above, Tier I capital adequacy ratio was at 15.87 % and Tier II capital adequacy ratio was at 1.52 %.

Disclosures Relating to Subsidiaries, Associates and Joint Ventures.

The Company has no subsidiary, associate, joint venture during the financial year under review in terms of the Companies Act, 2013 ("Act"). Further, the Company continues to remain a wholly-owned subsidiary of Navi Finserv Limited (formerly known as Navi Finserv Private Limited).

Major Events that Occurred During the Year

State of Company's Affairs

a) **Segment-wise position of business and its operations:** The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in Republic of India and there are no other geographical segments.

b) **Change in nature of the business:** There was no change in the nature of the business of the Company for the entire year under review.

c) **Key business developments:** There were no key business developments during the period under review.

d) **Change in the financial year:** There was no change in the Financial Year of the Company in the entire year under review.

e) **Capital expenditure programs:** There were no capital expenditure programmes conducted during the year.

f) **Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification:** Nil

g) **Developments, Acquisition, and Assignment of material Intellectual Property Rights:** There were no Developments, Acquisitions and Assignments of material Intellectual Property Rights during the entire year under review.

h) **Any other material event having an impact on the affairs of the Company:** Nil

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Board's report:

There are no material changes and commitments affecting the financial position of the Company, which has occurred between the end of the financial year of the Company i.e. March 31, 2022 and the date of the Directors' Report.

Details of Revision of Financial Statement or the Report

During the year, the Company has not revised its financial statements or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of judicial authority.

Share Capital

Authorized Share Capital: During the Financial Year 2021-22, there was no change in the Authorized Share Capital of the Company. The Authorized Share Capital stood at INR 121,50,00,000 (Rupees One Hundred and Twenty-One Crore Fifty Lakhs) divided into 10,35,00,000 (Ten Crore Thirty-Five Lakh) Equity Shares of INR 10 each and 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of the face value of INR 10/- each respectively.

Issued, Subscribed and Paid-up Share Capital: During the Financial Year ended 31 March 2022, there were no changes in the Issued, Subscribed and Paid-up Share Capital of the

Company. The Issued, Subscribed and Paid-up Share Capital of the Company stood at INR 103,50,00,000 (Rupees One hundred and Three Crore Fifty Lakhs only) divided into 10,35,00,000 (Ten Crore Thirty-Five Lakh) Equity Shares of INR 10 each.

Details of Employee Stock Options

The Company has not implemented any Employee Stock Option Scheme during the year. However, the employees, including the Joint Managing Director, have been granted ESOPs from the Ultimate Holding Company – Navi Technologies Limited (formerly Navi Technologies Private Limited).

Issue of Non-Convertible Debentures.

During the year under review, your Company has not issued any Non-Convertible Debentures. Further, the Company has been regular in making payments of principal and interest on all the outstanding NCDs issued by the Company on a private placement basis and there are no principal repayments or interest payments that are unclaimed by investors or unpaid by the Company after the date on which the NCDs were redeemed or interest has been paid.

Credit Rating

The credit rating details of the Company as on March 31, 2022, are as follows:

Rating Agency	Type of Instruments	Rating
ICRA Ratings Limited	Bank facilities, Long-term Debt Instruments and Subordinated Debt	[ICRA] A- (Stable)
	Market Linked Debenture Commercial Paper Programme	PP-MLD [ICRA] A- (Stable) [ICRA] A1
CRISIL Ratings Limited	Bank facilities and Long-term Debt Instruments	CRISIL A- / Stable
India Ratings & Research	Long-term Debt Instruments Commercial Paper Programme	IND A/Stable IND A1
CARE Ratings	Long-term Debt Instruments	CARE A (CE); Stable
The SME Rating Agency (SMERA)	Comprehensive Microfinance Grading	M1C1.

Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India, a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Code of Conduct, Transparency & Client Protection

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and adopted the Microfinance Institutions Network's (MFIN) Code of Conduct.

Directors and Key Managerial Personnel

The Board of Directors of your Company has an optimum combination of Executive and Non- Executive Directors in adherence with the applicable provisions. The Directors have very rich and varied experience, skills and expertise knowledge, in the field of Banking, NBFC and Microfinance.

Directors:

The Board of Directors of your Company is having an optimum combination of three Executive Directors, two Independent Directors and one Nominee Director. There were no appointments and resignations of Directors happened in the year under review.

Key Managerial Personnel:

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2022 are:

- Mr. Sachin Bansal, Managing Director and CEO,
- Mr. Ankit Agarwal, Executive Director and Deputy CEO,
- Mr. Anand Rao, Joint Managing Director,
- Mr. Anup Kumar Gupta, Company Secretary,
- Mr. Abhik Sarkar, Chief Financial Officer

Resignation:

Mr. Srinivasan CV ceased to be the Chief Financial Officer and Key Managerial Personnel (KMP) of the company with effect September 30, 2021. Your Board is recording its appreciation for the services rendered by him to the Company during his tenure.

Appointments:

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board at its meeting held on September 21, 2021, approved the appointment of Mr. Abhik Sarkar as Chief Financial Officer and KMP of the Company with effect from October 01, 2021.

The Members of the Company, based on the recommendations from the Nomination and Remuneration Committee and the Board of Directors, in the Extraordinary General Meeting of the Company held on October 20, 2021, appointed Sachin Bansal as the Director of the Company.

Further, your Company has filed a suo moto application dated December 3, 2021, under Section 454 of the Companies Act for contravention of the Section 161 of the Companies Act. CIFCPL had appointed Sachin Bansal as the managing director and chief executive officer of CIFCPL vide its board resolution dated February 27, 2020 for a period of five years from March 6, 2020. However, the board of directors CIFCPL had not appointed him as an additional director before appointing him as managing director, as required under Section 161 of the Companies Act. Consequently, the approval for Sachin Bansal's appointment

by CIFCPL's shareholders at the first general meeting held on August 18, 2020 was not obtained. Thereafter, at its board meeting held on October 19, 2021, The Board took on record the cessation of the office of Sachin Bansal with effect from August 18, 2020, and subsequently made relevant filings with the Registrar of Companies, Bangalore. The matter is currently pending as on date of this report.

Declaration by Independent Directors

Pursuant to the provisions of Section of 149 of the Act, the Independent Directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Qualification of Directors), Rules 2014. During the year 2021-22, there has been no change in the circumstances affecting their status as Independent Directors of the Company.

Separate Meeting of Independent Directors

Pursuant to Clause VII (1) of Schedule IV of the Act, the Independent Directors had a separate meeting on February 15, 2022.

The Independent Directors inter alia reviewed the performance of the Non-Independent Directors, Committees of the Board, and the Board. The Independent Directors also analyzed the quality, quantity and timeliness of the flow of information between the Company's Management and the Board which is necessary for the effective functioning of the Board and the Company.

Meetings of Board of Directors

During Financial Year 2021-22, the Board of Directors met eight (8) times on the following Dates and the details of attendance are given below:

SL No.	Date of Board Meeting	No. of Directors Present
1	June 18, 2021	06
2	August 12, 2021	06
3	September 21, 2021	06
4	October 19, 2021	05
5	November 09, 2021	06
6	February 01, 2022	05
7	February 28, 2022	04
8	March 28, 2022	06

Board Committees and their Meetings

The following are the Committees of the Board and the dates of Meeting for the FY 2021-22:

Sr. No	Name of the Committee	Description	Composition	Meetings held
1)	Audit Committee	Constituted as per the Section 177 of the Companies Act, 2013 and the Chairperson of the Audit Committee is an Independent Director.	1) Ms. Usha A Narayanan, Chairperson 2) Mr. Ranganathan Sridharan, Member 3) Mr. Samit Shetty, Member	1) June 17, 2021 2) August 09, 2021 3) November 11, 2021 4) February 01, 2022 5) February 28, 2022
2)	Risk Management Committee	Constituted pursuant to the NBFC Regulations.	1) Mr. Ranganathan Sridharan, Chairman 2) Ms. Usha A Narayanan, Member 3) Mr. Ankit Agarwal, Member 4) Mr. Anand Rao, Member	1) June 11, 2021 2) August 09, 2021 3) November 09, 2021 4) February 01, 2022
3)	Nomination and Remuneration Committee	Constituted as per the Section 178 of the Companies Act, 2013 and the Chairperson of the Committee is an Independent Director.	1) Ms. Usha A Narayanan, Chairperson 2) Mr. Ranganathan Sridharan, Member 3) Mr. Samit Shetty, Member	1) July 23, 2021 2) October 19, 2021 3) February 22, 2022
4)	Asset & Liability Management Committee	Constituted pursuant to the NBFC Regulations.	1) Mr. Anand Rao, Chairman 2) Mr. Ankit Agarwal, Member 3) Mr. Abhik Sarkar, Member	1) June 10, 2021 2) August 06, 2021 3) October 29, 2021 4) January 27, 2022
5)	Information Technology Strategy Committee	Constituted pursuant to the NBFC Regulations.	1) Mr. Ranganathan Sridharan, Chairman 2) Mr. Sachin Bansal, Member 3) Mr. Anand Rao, Member 4) Mr. Linjin T, Member	1) June 11, 2021 2) August 08, 2021 3) January 25, 2022

Sr. No	Name of the Committee	Description	Composition	Meetings held
6)	Corporate Social Responsibility Committee	Constituted as per the provisions of Section 135 of the Companies Act, 2013.	1) Mr. Ranganathan Sridharan, Chairman 2) Ms. Usha A Narayanan, Member 3) Mr. Anand Rao, Member	1) May 21, 2021 2) January 25, 2022
7)	Finance Committee	Constituted a Finance Committee in order to look over the matters of borrowings of the company. The Board has delegated to this committee its authority to borrow funds as the company requires funds on a frequent basis.	1) Mr. Anand Rao 2) Mr. Ankit Agarwal	During the year under review, 36 meetings of the Finance Committee were held.

Performance Evaluation of Board, Committees, and Directors

The Board of Directors has carried out an annual evaluation of the performance of its own, Committees and Individual Directors pursuant to the provisions of the Companies Act, 2013.

Fit and Proper Criteria

All the Directors of your Company meet the fit and proper criteria stipulated under the RBI Master Direction- Non-Banking Financial Company - Systemically Important Non-Deposit taking Company - Direction 2016, as amended.

Directors' Responsibility Statement

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, Board of Directors confirms that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

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

c. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. The Directors had prepared the annual accounts on a going concern basis, and

e. 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.

f. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and Secretarial Standards issued the by Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls with Reference to Financial Statement

The Company has put in place an effective internal financial control system, which is commensurate with its size, scale and complexity of operations. The Company has put in place policies and procedures with an objective of ensuring as far as practicable, the orderly and efficient conduct of business, safeguarding of assets, prevention and detection of errors and frauds, accuracy and completeness of the accounting records, and in preparation of reliable financial information. The Internal Financial Controls are adequate and are operating effectively.

Reporting of Frauds by Auditors

During the period under review, neither the Statutory Auditors nor Secretarial Auditors have reported to the Audit Committee or the Board about any fraud in the Company by its Officers or Employees under section 143(2) of the Companies Act, 2013.

Particulars of Loans, Guarantees, and Investments

The Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and Rules thereunder Details on loans, guarantees or investments made during the financial year are mentioned in the notes to the financial statements.

Company's Policy on Directors' Appointment and Remuneration for Directors, Key Managerial Personnel and other Employees.

Section 178 of the Companies Act, 2013 requires the Nomination and Remuneration Committee (NRC) to formulate a policy relating to the remuneration of the Directors, Senior Management / KMPs of the Company and recommend the same for approval of the Board.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's Policy

on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees, which is available on the website of the Company at the given weblink: https://www.chaitanyaindia.in/docs/upload/investor-relation/71-2021-06-25-07-42-16-NominationandRemunerationpolicyV2.0.pdf

Brief framework of the Policy:

The objectives of this Policy are as follows:

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors and Senior Management;

c) to lay down criteria / evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, Senior Management / KMPs and other employees.

Company's Policy on Corporate Social Responsibility

The Corporate Social Responsibility (CSR) activities have been undertaken by the Company in accordance with the CSR Policy of the Company as formulated by the Board of Directors, on the recommendation of the CSR Committee, pursuant to Section 135 of the Companies Act, 2013, read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. as amended from time to time. The composition of the CSR Committee is given in the CSR's Annual Report and is enclosed as Annexure-I and forms part of this Report.

The role of the CSR Committee includes formulating and recommending to the Board the CSR Policy and Annual Action Plan including the details of activities to be undertaken by the Company and recommending the amount of expenditure to be incurred on CSR.

During the year under review, the Company has incurred an expenditure of INR 28.11 Lakhs towards CSR Activities. The entire allocation was spent at multiple states where the Company is having its operations. The relief activities were taken up in the form of distributing Covid19 kits containing materials like Masks, Sanitizers, Oximeters, Medicines, Gloves, Handwash etc. The kits were distributed to the multiple districts in the states of Karnataka, Maharashtra, Uttar Pradesh, Jharkhand etc.

The CSR policy of the Company is available on the website of the Company and can be accessed at the given weblink: https://www.chaitanyaindia.in/docs/upload/investor-relation/314-2021-06-25-07-41-07-CSRPolicy.pdf.

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

a) Since the Company does not own any manufacturing facility, the particulars relating to conservation of Energy and technology absorption in the above rules are not applicable.

b) Foreign Exchange Earnings and Outgo

Particulars	As on 31.03.2022 (In INR)	As on 31.03.2021 (In INR)
Foreign Exchange Inflow	Nil	Nil
Foreign Exchange Outflow	Nil	Nil

Risk Management Policy

The Company has in place a Risk Management Policy which provides for a robust risk management framework to identify and assess various risks such as credit risk, market risk, operational risk, liquidity risk, regulatory risk and other risks. There is an adequate risk management infrastructure in place capable of addressing these risks.

Vigil Mechanism

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy or illegal activity occurring in the organization.

To this effect, the Board has adopted a "Whistle Blower Policy", which is overseen by the Audit Committee. The policy inter-alia provides a safeguard against victimization of the Whistle Blower. Employees and other stakeholders have direct access to the chairperson of the Audit Committee for lodging concerns if any, for review. The said policy has been posted on Company's website at: https://www.chaitanyaindia.in/docs/upload/investor-relation/73-2021-06-25-07-45-48-WhistleBlowerPolicy(1).pdf

Statutory Auditors

The Company has appointed M/s. Varma and Varma, Chartered Accountants, (ICAI FRN003532S), Bangalore, as

Statutory Auditors of the Company for a period of three years from the conclusion of the 12th Annual General Meeting held on September 06, 202,1 till the conclusion of the 15th Annual General Meeting, pursuant to RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

The Directors confirm that there are no disqualifications, reservations, adverse remarks or disclaimers in the Independent Auditor's report issued by Statutory Auditors for the FY 2021-22.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board in its meeting held on February 01, 2022, has appointed M/s. RSVH & Associates, Practicing Company Secretaries [Firm Reg. No. AAS-2232] as Secretarial Auditor of the Company for the Financial Year 2021-22 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2022, is annexed to the Directors' Report as Annexure-II.

There are no disqualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for the FY 2021-22.

Particulars of Contracts or Arrangements with Related Parties

During the financial year 2021-22, there are no significant material related party transactions with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large. No Contracts / arrangements / transactions were entered by the Company during the FY 2021-22 with related parties under Section 188 of the Act. Therefore, in compliance with section 188(1) of the Companies Act, 2013, the particulars of contracts / arrangements with related parties under Section 188 in Form AOC-2 is not annexed with this report.

Your Directors draw the attention of the members to Note 42 to the Standalone Financial Statement which sets out related party disclosures.

The Policy on related party transactions as approved by the Board which is annexed to this report as Annexure-III and may be accessed on the Company's website at the given weblink: https://www.chaitanyaindia.in/docs/upload/investor-relation/485-2021-06-23-02-06-44-RelatedPartyTransactionPolicy.pdf

Compliance with NBFC Regulations

Your Company has complied with all the regulatory provisions of the Reserve Bank of India applicable to Non-Banking Financial Company - Systemically Important Non-Deposit taking Company.

Compliance with Secretarial Standards

The applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied with by your Company.

Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31, 2022, in Form No. MGT-7, is available on the Company's website and can be accessed at the weblink: https://www.chaitanyaindia.in/investor-relations

Maintenance of Cost Records

The Company, being an NBFC, the requirements under sub-section (1) of Section 148 of the Companies Act, 2013 w.r.t Maintenance of cost records are not applicable.

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

Details of Difference Between Amount of Valuation Done

Not Applicable

Material Orders of Judicial Bodies/Regulators

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

Listing on Stock Exchange

The non-convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of BSE Limited.

Disclosures Pertaining to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the rules made thereunder. The Policy aims to promote a healthy work environment and provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee to enquire into complaints of sexual harassment and recommend appropriate action.

Pursuant to the POSH Act and Rules framed thereunder during the Calendar Year 2021, there were no complaints received by the Company. Further following is the summary of complaints received and disposed-off.

a) Number of complaint(s) received: NIL

b) Number of complaint(s) disposed-off: NIL

c) Number of cases pending for more than 90 days: NIL

d) Number of workshops/awareness programs against sexual harassment carried out: Two

Acknowledgment

Your Directors take this opportunity to offer sincere thanks to the Regulators, Bankers, Investors Government Authorities, Sa-Dhan, MFIN, Customers, Vendors and other stakeholders for their unstinted support and assistance received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

By Order of the Board of Directors
For and on behalf of Chaitanya India Fin Credit Private Limited

Sachin Bansal
Managing Director
DIN: 02356346
Date: May 14, 2022
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: May 14, 2022
Place: Bangalore

General Shareholder Information

Company Registration Details

The Company is registered in the state of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U67190KA2009PTC049494.

Annual Report

The Annual Report containing inter alia, Audited Annual Accounts, Director's Report, Auditor's Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and the Annual Report is also displayed on the website.

Debt Securities Listing

The Bombay Stock Exchange

Payment of Listing Fees & Depository Fees

Annual Listing fee for the year 2022-23 was paid on April 20, 2022 to the Bombay Stock Exchange (BSE).

SEBI Complaints Redress System (Scores)

The investor complaints are processed in a centralized web-based complaints redress system by Securities & Exchange Board of India for debt listing. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Till the date of the report the status of the investor complaints is NIL.

By Order of the Board of Directors
For and on behalf of Chaitanya India Fin Credit Private Limited

Sachin Bansal
Managing Director
DIN: 02356346
Date: May 14, 2022
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: May 14, 2022
Place: Bangalore

ANNEXURE I

Annual Report on Corporate Social Responsibilty Activities

(Pursuant to Section 135 of the Companies Act 2013, read with Rule 8 of Companies (CSR Policy) Rules, 2014)

1. Brief Outline of the Company's CSR Policy:

The Corporate Social Responsibility ('CSR') policy of Chaitanya India Fin Credit Private Limited (hereby referred to as Company) is formulated in accordance with the provisions laid under Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereby collectively referred to as the 'Act') notified by the Ministry of Corporate Affairs.

2. CSR Activities for the Financial Year 2021-22

During the Financial Year 2021-22 (reporting period), the Country witnessed the second and third wave of the outbreak of the Novel Coronavirus (Covid19) and the Board of Directors of the Company resolved for spending the Complete CSR Obligation for the Covid19 relief activities under the head Healthcare as provided in the Schedule VII to the Companies Act 2013, by supplying Covid19 kits, relief materials etc. in multiple states of India, where Company is having its branches.

In line with the Company's endeavour to improve the lives of rural population of the Country, at a time when the Country was facing the wrath of a global pandemic, to support the rural population on following covid safety protocols, the Company had collaborated with the Police Stations in the various localities where the Company operates to distribute the Covid Relief kits among the communities. The kits distributed consist of Facemasks, Gloves, Sanitisers, Paracetamols, Pulse Oximeters, Handwash etc. Karnataka, Maharashtra, Uttar Pradesh, Bihar, Madhya Pradesh and Jharkhand are the States in which these kits were given. The procurement and distribution of such kits were done by the employees of the Company themselves and the mode of implementation was direct.

Out of the total allocation of INR 28.11 Lakhs, as approved by the Board of Directors of the Company, the Company spent an amount of INR 28.14 Lakhs which is more than the actual CSR obligation as per the provisions of Corporate Social Responsibility under the Companies Act 2013. The intention of providing such kits to the rural population were to ensure and support the rural population in following minimum safety protocol to ensure that their lives move ahead by avoiding the threats posed by the pandemic to a certain extent. The CSR Activities of the Company has benefited more than 10,000 people belonging to various parts of the Country.

3. The Composition of CSR Committee:

The Corporate Social Responsibility Committee (CSR Committee) of the Board of Directors (Board) of the Company comprises of the Directors as indicated below:

Name of the Director	Designation and Position in the Committee	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
Mr. Ranganathan Sridharan	Independent Director, Chairman	2	2
Ms. Usha A Narayanan	Independent Director, Member	2	2
Mr. Anand Rao	Joint Managing Director, Member	2	2

4. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR committee weblink: https://www.chaitanyaindia.in/board-committee

CSR Policy weblink: https://www.chaitanyaindia.in/docs/upload/investor-relation/314-2021-06-25-07-41-07-CSRPolicy.pdf

5. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-

rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report)

Impact Assessment is Not Applicable to the Company.

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

No amount is to be set-off for the financial year.

7. Average net profit of the company as per section 135(5)

The average net profit for the Company for the three immediately preceding Financial Year amounts to INR 14,05,85,164.92 (Indian Rupees Fourteen Crore, Five Lakh, Eighty-Five Thousand One Hindred and Sixty-Four only).

8. Details of expenditure

a) Two percent of average net profit of the company as per section 135(5)

Two percent of average net profit of the company amounts to INR 28,11,703.29/- (Indian Rupees Twenty-Eight Lakh Eleven Thousand Seven Hundred and Three Only)

b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.

NIL

c) Amount required to be set off for the financial year, if any.

NIL

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

Total Amount Spent for the Financial Year. (In Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
28,14,172.00	-	-	-	-	-

b) Details of CSR amount spent against ongoing projects for the financial year

Nil

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

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation- Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Covid Relief Activities	(i) promoting health care including preventive health care and sanitation	No	#Multiple States	Multiple Districts	2,814,172.00	Yes	-	-
Total						**28,14,172.00**			

Karnataka, Maharashtra, Uttar Pradesh, Bihar, Madhya Pradesh and Jharkhand

d) Amount spent in Administrative Overheads

NIL

e) Amount spent on Impact Assessment, if applicable

NIL

f) Total amount spent for the Financial Year (8b+8c+8d+8e)

INR. 28,14,172.00/-

g) Excess amount for set off, if any

NIL

10. a) Details of Unspent CSR amount for the preceding three financial years

NIL

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

NIL

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

Not Applicable

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

Not Applicable.

By Order of the Board of Directors
For and on behalf of Chaitanya India Fin Credit Private Limited

Ranganathan Sridharan
Independent Director
DIN: 00868787
Date: May 14, 2022
Place: Bangalore

Anand Rao
Joint Managing Director
DIN: 01713987
Date: May 14, 2022
Place: Bangalore

ANNEXURE II

Secretarial Audit Report

For the financial Year ended March 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Chaitanya India Fin Credit Private Limited
CIN: U67190KA2009PTC049494
No.145, 2nd Floor, NR Square,
1st Main Road, Sirsi Circle,
Chamrajpet, Bangalore – 560018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Chaitanya India Fin Credit Private Limited (hereinafter referred as the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2022 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under; -

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   c) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

On the basis of the information and explanation provided, the Company had no transaction during the period under Audit requiring the compliance of provisions of Act / Regulations / Directions as below:

a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations,2009; and

b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

d) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

f) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

g) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and external commercial Borrowing

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Listing Agreements entered into by the Company with Stock Exchange(s),

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

We further report that on examination of the relevant documents and records on test check basis, and based on the reports and opinion given by the experts in the respective areas, the Company has complied with the

a. Laws, norms and Directions as specifically applicable to Non-Banking Financial Company (NBFC-MFI)

b. Applicable Labour laws

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There are no changes in the composition of the Board of Directors during the year under review except the following.

Mr. Sachin Bansal was appointed as Managing director and Chief executive officer (CEO) for a period of 5 years with effect from 6th March 2020 vide Board resolution passed on 27th February 2020. However, the Board has not appointed him as Additional Director before appointing him as Managing Director, as required under section 161 of the Act. Subsequently, the approval for Mr. Sachin Bansal's appointment by Company's shareholders at the first general meeting held after his appointment i.e at the Annual general meeting held on August 18, 2020 was not obtained, thereby he ceased to be the director from the date of conclusion of the said AGM. The Board at its board meeting held on October 19, 2021, took on record the cessation of the office of Mr. Sachin Bansal with effect from August 18, 2020 and appointed him as Additional Director and designated as Managing Director with effect from 19th October 2021. The said appointment was confirmed by the shareholders at the extra ordinary general meeting held on 20th October 2021. The Company has filed a suo-moto application for adjudication of penalty under section 454 of the Act for contravention of section 161 of the Act. The matter is currently pending before the competent authority as on the date of this report.

We further report that Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. The Company has complied with section 173(3) of the Act where the meetings were called at shorter notice. a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through while the dissenting members views were captured in the minutes of the meeting of Board/Committees.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicablelaws, rules, regulations and guidelines.

For **RSVH & Associates LLP**
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde
Partner
M.No: 28093;
CP.No: 11880
UDIN: A028093D000278112

Date: May 6, 2022
Place: Bangalore

This report is to be read with Annexure A which forms an integral part of this report.

Annexure A

To,
The Members
Chaitanya India Fin Credit Private Limited
CIN: U67190KA2009PTC049494
No.145, 2nd Floor, NR Square, 1st Main Road,
Sirsi Circle, Chamrajpet,
Bangalore – 560018

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of (the Company). Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices that we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company. Further compliance of direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.

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

For **RSVH & Associates LLP**
Company Secretaries
Registration No: L2020KR006800

Vinayak Hegde
Partner
M.No: 28093;
CP.No: 11880
UDIN: A028093D000278112

Date: May 6, 2022
Place: Bangalore

Annexure III

Related Party Transactions Policy of Chaitanya India Fin Credit Private Limited

ABOUT THE COMPANY

Chaitanya India Fin Credit Private Limited (the "Company") is a private limited company incorporated under the Companies Act, 1956. The Company is registered with the Reserve Bank of India as a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI) and is engaged in the 'micro finance' business as an NBFC-MFI.

PREAMBLE

This policy on related party transactions (the "Policy") has been framed in compliance with the provisions pertaining to related party transactions under the Companies Act, 2013 (the "Act"), the rules made thereunder and the applicable provisions of the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (collectively, the "Applicable Law").

The Board of Directors of the Company (the "Board") has duly adopted the following Policy. The Audit committee and / or the Board, shall review the Policy on a periodic basis and may amend this policy from time to time, as required.

OBJECTIVE

The Policy is aimed at setting out a governance framework for handling related party transactions of the Company in accordance with the Applicable Law. Related party transactions can sometimes present a potential or actual conflict of interest for the Company and therefore, the Company is required to procure necessary approvals before undertaking any such transactions and make relevant disclosures as prescribed under Applicable Law. This Policy, therefore, is intended to serve as a guidance document for all stakeholders in order to identify and benchmark transactions between the Company and its related parties and deal with such transactions in compliance with Applicable Law. Accordingly, related party transactions may be entered into by the Company only in accordance with this Policy, as amended from time to time.

RELEVANT DEFINITIONS UNDER THE ACT

Particulars	Applicable law	Definition
Who is a related party of the Company?	Section 2(76) of the Act	A person / entity shall be considered as related to the Company if such person/entity is— (a) a director or his relative; (b) a key managerial personnel or his relative; (c) a firm, in which a director, manager or his relative is a partner; (d) a private company in which a director or manager or his relative is a member or director; (e) a public company in which a director or manager is a director and holds along with his relatives, more than 2 % of its paid-up share capital; (f) any body corporate whose board of directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager; (g) any person on whose advice, directions or instructions a director or manager is accustomed to act: (nothing in (f) and (g) shall apply to the advice, directions or instructions given in a professional capacity); (h) any body corporate which is— • a holding, subsidiary or an associate company of the Company; • a subsidiary of a holding company to which it is also a subsidiary; or • an investing company or the venturer of the Company;

Particulars	Applicable law	Definition
		(the investing company or the venturer of a Company means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate) (i) a director other than independent director or key managerial personnel of the holding company or his relative.
	Ind AS 24	Such entity who is a related party under the Indian Accounting Standard 24 (Ind AS 24) as prescribed under the Companies (Indian Accounting Standards) Rules, 2015.
	AS 18	Such entity who is a related party under the Accounting Standard (AS) 18 as prescribed under the Companies (Accounting Standards) Rules, 2006
Who is a key managerial personnel?	Section 2(51) of the Act	Key managerial personnel, in relation to the Company, means— (a) the Chief Executive Officer or the managing director or the manager; (b) the company secretary; (c) the whole-time director; (d) the Chief Financial Officer; (e) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (f) such other officer as may be prescribed.
Associate Company	Section 2(6) of the Act	An associate company in relation to a company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. Significant influence, in this context, means control of at least 20 % of total share capital, or of business decisions under an agreement.
Relative	Section 2(77) of the Act	A relative with reference to any person, means anyone who is related to another, if: (a) they are members of a Hindu Undivided Family; (b) they are husband and wife; or (c) if he or she is related to another in the following manner, namely: - (i) Father, including step-father. (ii) Mother, including the step-mother. (iii) Son, including the step-son. (iv) Son's wife. (v) Daughter. (vi) Daughter's husband. (vii) Brother including the step-brother; (viii) Sister including the step-sister.
Audit Committee	Section 177	Audit Committee means the Audit Committee constituted by the Board of the Company.

POLICY

I. APPROVAL OF AUDIT COMMITTEE

1. All related party transactions shall require prior approval of the Audit Committee. However, the Audit Committee may grant an omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

   a) The Audit Committee shall, after obtaining approval from the board, lay down the criteria for granting the omnibus approval in line with this Policy in respect of transactions which are repetitive in nature;

   b) The Audit Committee satisfies itself about the need for such omnibus approval and that such approval is in the interest of the Company;

   c) Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into; (ii) the indicative base price/ current contracted price and the formula for variation in the price, if any; and (iii) such other conditions as the Audit Committee may deem fit.

2. Where the need for a related party transaction cannot be foreseen and aforesaid details are not available, the Audit

Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

3. Such omnibus approvals shall be valid for a period not exceeding 1 financial year and shall require fresh approvals after the expiry of such financial year.

4. An omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company and/or any other transaction the Audit Committee may deem not fit for omnibus approval.

5. Further, with respect to related party transactions between a holding company and its wholly owned subsidiary, the requirement for an audit committee approval shall apply only for such Transactions (as defined below) between the Company and its related parties as are contemplated under Section 188.

II. APPROVAL OF THE BOARD

In addition to approval from the Audit Committee, the Company shall be required to obtain the prior approval of the Board for entering into any contract or arrangement with a related party with respect to the transactions mentioned in the table below ("Transactions").

III. APPROVAL OF SHAREHOLDERS

1. Where the Transactions exceed certain threshold limits as mentioned below ("Threshold Limits"), the consent of the shareholders by way of an ordinary resolution would also need to be obtained, in addition to approval from the Audit Committee and the Board

#	TRANSACTIONS	THRESHOLD LIMITS
(i)	Sale, purchase or supply of any goods or material, directly or through appointment of agent.	> 10 % of the turnover of the Company
(ii)	Selling or otherwise disposing of or buying property of any kind, directly or through appointment of Agent	> 10 % of the net worth of the Company
(iii)	Leasing of property any kind	> 10 % of the turnover of the Company
(iv)	Availing or rendering of any services, directly or through appointment of agent	> 10 % of the turnover of the Company
	[The aggregate value of all transactions undertaken during the financial year within an individual category would be considered for the purpose of the limits specified for categories mentioned in (i) to (iv) hereinabove]	
(v)	Where the contract is for appointment to any office or place of profit in the Company, its subsidiary company or associate company	Where monthly remuneration > INR 2,50,000.
(vi)	Where the contract is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company	Where remuneration > 1 % of the net worth.

2. The requirement for obtaining shareholders' approval will not apply to Transactions entered into between the Company and its wholly owned subsidiary whose accounts are consolidated with that of the Company and placed before the shareholders at the general meeting for approval.

3. As a general exception, for Transactions which are entered into by the Company with its related parties in its 'ordinary course of business' and on an 'arm's length basis', no approval of the Board or the shareholders would be required; however, the requirement of approval from the Audit Committee would continue to prevail.

   - An arm's length transaction is defined under the Act to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

   - In the absence of a concrete definition for the phrase 'ordinary course of business' under the Act, the following non-exhaustive factors may be considered to assess whether a Transaction falls under the ordinary course of business of the Company:

     - Whether the activity is covered in the objects clause of the Memorandum of Association;
     - Whether the activity is in furtherance of the business of the Company;
     - Whether the activity is normal or otherwise routine for the particular business undertaken by the Company;
     - Whether the activity is repetitive/frequent;
     - Whether the income, if any, earned from such

activity/transaction is treated as business income in the Company's books of accounts;

- Whether the transactions are common in the particular industry the Company operates in;
- Whether there is any historical practice to conduct such activities;
- The financial scale of the activity with regard to the operations of the Company's business;
- Revenue generated by the activity; and
- Resources committed to the activity.

These are not exhaustive criteria and the Company will have to assess each Transaction considering its specific nature and circumstances.

4. The Audit Committee shall test each related party transaction on materiality, arm's length and ordinary course of business. The Audit Committee will be responsible for overall monitoring and supervision of the framework pertaining to related party transactions in the Company.

The approval mechanism set out in this Policy and the Act has been captured in a nutshell hereinbelow

#	Particulars	Audit Committee Approval	Board Approval	Shareholders' Approval
1.	Transaction in the ordinary course of business AND at arm's length basis	YES	NO	NO
2.	Transaction within the Threshold Limits and either not in the ordinary course of business OR not at arm's length basis	YES	YES	NO
3.	Transaction exceeding the Threshold Limit and either not in the ordinary course of business OR not at arm's length basis	YES	YES	YES

V. RATIFICATION OF TRANSACTIONS:

In the event the Company becomes aware of any related party transaction involving an amount not exceeding Rs. 1 crore that has not been approved in accordance with this Policy prior to its consummation, the matter shall be reviewed by the Audit Committee, which shall, basis independent evaluation, ratify, revise, terminate or suggest such other options with respect to such related party transaction. If such transaction is not ratified by the Audit Committee within 3 months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders; and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

VI. DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Company shall make the relevant disclosures with respect to the related party transactions, in its Annual Report as per Paragraph A of Schedule V of the LODR Regulations and the Act as well as in the financial statements in accordance with the Act and the applicable accounting standards and maintain such registers as required under the provisions of the Act.

Annexure IV

Management Discussion and Analysis Report

a. Industry structure and developments.

Microfinance Industry Trends

Microfinance is a form of financial service which provides small loans and other financial services to poor and low-income households. It is an economic tool designed to promote financial inclusion which enables the targeted households to improve their livelihoods, sustain their income generating potentials and improve overall living standards.

The current financial year has seen the normalised growth for MFIs sector, collections especially on post-covid disbursements have normalised. Due to marked improvement in disbursals, collection efficiency levels the funding avenues opening for the sector. Disbursals too had been gradually rising since August 2021, leading to highest disbursals in Q4 FY22 by the MFI sector.

Favourable factors, including healthy demand in the industry and increasing economic activity, provide hope for better growth prospects for microfinance institutions in FY2022, with an estimated growth rate of 20%-30% in FY22 and FY23 each. NBFC-MFIs AUM grew 7.1% YoY in FY20 and 9.2% YoY in FY21 and 18.3% YoY in H1 FY22.

The disruptions caused by the second wave impacted the AUM growth of the industry in H1 (April-September) FY2022 as the movement of people was greatly hindered and the entities focused on collections instead of disbursements.

The pandemic-induced disruptions moderated the portfolio growth to around 5 per cent (annualised) in H1 FY2022 as compared to growth of 9 per cent in FY2021. The disbursements for Q3FY22 have shown signs of normalisation, crossing the pre-COVID-19 levels in absolute terms and improved further in Q4FY22; historically Q4 contributes 40% to the annual disbursements.

The asset quality metrics weakened quite sharply in H1 FY2022 because of the localised lockdowns imposed by various states/ union territories (UTs) on account of the second wave, which impacted the borrowers' cash flows, and hence the CE.

With the gradual opening of the economy, microfinance activities resumed in Q2 (July-September) FY2022 and MFIs' collections have bounced back to March 2021 level, MFIs post Q2FY22 have arrested flow through into stage 3 and have steadied the early delinquencies. At end-December 2021, the current collection efficiencies were in the range of 92%-95% on a consolidated basis. Optically stage 3 could go up by 2%-3% on account of daily NPA recognition for some NBFC-MFIs, but may not affect other operational and financial parameters.

From a liquidity perspective, the MFIs have been supported by the various measures undertaken by the Reserve Bank of India (RBI) and the Government of India (GoI), including liquidity enhancement measures and introduction of guarantee schemes for the stressed non-banking financial companies (NBFCs) including MFIs.

Large MFIs to continue to avail financing Q4FY22 onwards, and small MFIs would have it relatively easy once the harmonisation guidelines are implemented. Given the trend in market yields, we expect firmness or a moderate upward bias in MFIs' borrowing rates. However, transmission of the same to higher lending rates would improve especially for mid and small sized MFIs post harmonisation.

b. Risk & Concerns

Market Risk:

The Second wave has considerably disrupted microfinance operations, and this time the impact is more severe in the rural and semi-urban geographies which contribute to more than 70% of the industry. India Ratings and Research has upgraded the sectoral outlook to Neutral from earlier Negative outlook on the microfinance sector for FY23. While the agency has maintained a Stable Outlook for large and strong sponsor backed microfinance institutions (MFIs), small-mid non-bank MFIs (including those with over 50% of assets under management in microfinance) upgraded to Stable for FY23 from Negative. And if the 4th wave with the new variant may impact the recovery process If the lockdown is imposed again Nationwide will derail the industry and can have a long-lasting impact.

Regulatory Risk:

The Reserve Bank of India (RBI) has issued master directions on regulatory framework for microfinance on March 14, 2022, which builds upon the consultation paper issued on the subject on June 14, 2021. The revised framework will be applicable from April 1, 2022 and it makes the regulations lender agnostic as it is applicable to all the RBI regulated entities (REs) involved in microfinancing activities. According to ICRA, the revised regulatory framework aims to provide a level playing field to all the players involved in microfinancing activities and would provide more flexibility to NBFC-MFIs, though at the same time the enhanced limits for maximum permissible indebtedness of borrowers poses risk of over-leveraging in the industry.

The RBI has removed the cap on the rate of interest charged by NBFC-MFIs, which would provide NBFC-MFIs more flexibility and create a level playing field for all the REs. Moreover, the interest rate ceiling had been

working as a de facto interest rate in the industry for all the players and the removal of the same is expected to make the players compete on loan pricing, thus benefiting the borrowers in the long-term. However, given the low interest rate elasticity in the sector and given the moderation in the profitability because of the Covid-19 induced stress, interest rates are expected to rise in the near-term.

Though NBFC-MFIs will enjoy more flexibility, they will have to put in place board-approved policies on household income assessment, loan pricing regulations and other related aspects. In addition, increased data gathering, comprehensive credit bureau checks and enhanced disclosure requirements may slightly increase the operating costs.

RBI has removed the cap on the number of NBFC-MFIs who can provide loans and the maximum outstanding for a microfinance borrower. Due to the mentioned changes the indebtedness of the customer could increase and may lead to customer over indebtedness risk.

Financial Risk:

Under the extant pricing cap, NBFC-MFIs can price their loans at around 21.5% yields. For small and medium MFIs whose cost of borrowings are 12%-14% and operating costs are 6-8%, building balance sheets on leverage would be return dilutive and leave little to nil operating buffers – these entities would be extremely vulnerable to credit shocks. Hence, these MFIs have been facing challenges of availability of credit and adverse cost of borrowings even amid declining interest rates. As per Ind-Ra's opinion, due to harmonisation circular by RBI MFIs may be able to undertake risk-based pricing as well as cost-plus pricing – this would improve the viability of small and medium MFIs, aid them in building both, scale and operating buffers, and increase their credit worthiness in the eyes of lenders.

Systemic Risk

Having faced frequent business disruptions during 2016-2021 by the MFI Industry, in the form of demonetisation, IL&FS-led liquidity crisis, COVID-19 pandemic waves coupled with farm loan waiver announcements, political interferences and natural calamities, MFIs have worked on lowering leverage ratios, increasing capital buffers, moderating asset growth compared to past (where large MFIs have grown over 50%), rural penetration, higher proportion of cash on-balance sheet and/liquid securities, and surplus asset and liabilities. Learnings from the past five years have made MFIs structurally stronger to deal with borrowers' overleverage, economic distress, and effects or spread of systemic risk of socio-political events.

Delinquencies have increased across the top 15 states over the past two years (as evidenced from the relevant data in Figure 17) in the COVID-19 aftermath. The most impacted states are Assam and West Bengal – where regional issues and the first covid wave impact was the strongest; certain regions of Maharashtra and Kerala have seen the most deterioration from 1HFY20 to 1HFY22. Kerala has also seen higher delinquencies due to a more stricter lockdown than in northern states of Uttar Pradesh, Bihar and Rajasthan. Punjab has also seen higher delinquencies than other states as it was more impacted due to the farm protests.

Perceived Risks Mitigants

The Company is exposed to various risks as mentioned above, e.g., pandemic risk, credit risk, economic risk, interest rate risk, liquidity risk, and cash management risk, technology risks, etc. The Company has a risk management framework that involves risk identification, risk assessment, and risk mitigation planning.

The Board of Directors has constituted a Risk Management Committee. The terms of reference of the Risk Management Committee include a periodical review of the risk management policy, risk management plan, implementing and monitoring the risk management plan, and mitigation of the key risks. The Risk owners are accountable to the Risk Committee for identifying, assessing, aggregating, reporting, and monitoring the risk related to their respective areas/functions.

Risk management is embedded in the Company's operating framework. The Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically.

The Company has put in adequate checks by complying with the regulations framed by RBI which are applicable to the Company. It also has an effective risk management department which is bound to work in an effective manner in order to mitigate risks.

The company follows 3 lines of defence approach for managing risks. At the first line of defence are the various Business and Support functions, second line is made of Risk Management and Compliance function and third line of defence is the Internal Audit function. Risk Management policies and processes have been designed for periodic review and mitigation of all the risk faced by organization including credit risk, market risk, operational risk, reputation risk, liquidity risk, technology risk, business and strategic risk, legal and compliance risk.

c. Opportunities and Threats.

Opportunities

Deep Rural

Chaitanya has always focused on being a deep rural microfinance institution, putting significance on identifying and serving under-served and less penetrated rural households. This strategy opens up significant opportunities across India. There are large markets, especially the Northern and Central states, such as UP,

MP, Bihar and Rajasthan where MFI penetration is still less. Even in penetrated MFI markets, the deep rural strategy will help the company to maintain a consistent stream of customers.

Graduating Microfinance customers

Due reducing the minimum requirement of microfinance loans in the total loan assets of NBFC-MFIs to 75% from 85% as per the new guidelines by the RBI, the portfolio diversification will improve with the secured loans and the shock-absorbing capacity will be more in case of an event risk. This could bring an opportunity for Chaitanya in building capabilities in other loan products that an MFI customer can graduate to.

Hence as a long-term positive strategy Chaitanya can offer secured loans up to 25% of assets under management to minimise the overall credit risk. This could also provide adequate opportunities to the Company to invest in capabilities related to non-micro loan products.

Diversification

Chaitanya is diversifying its portfolio – both geographically and profile-wise. The Company has entered into 3 new states and 63 districts in FY 2021-22, and plans to enter another 3 states in FY 2022-23. The diversification is planned across matured markets like East India, as well as less charted territories like North India and the Central India. The Company plans to bring down its largest state exposure and top-10 districts exposure significantly in the coming months. Chaitanya is also exploring larger ticket loans for graduating microfinance customers. The Management believes that, with this strategy it will be able to enter the larger retail loans market and gradually diversify the portfolio from systemic and systematic risks. The Company may also consider diversifying to more semi-urban and urban geographies if it is able to replicate its operating model to the urban underserved customers.

Digital Lending

The entire lending process of the microfinance industry, from sourcing to collections, is experiencing digital revolution. This is an opportunity as well as a threat to MFIs. The penetration of smartphones in MFI customer base is gradually increasing and a good proportion of customers and their family members are doing cashless transactions. This is likely to open avenues for lowering cost, improving the speed of delivery and customising credit.

Analytics for Credit Underwriting

The usage of data analytics for credit underwriting is rapidly happening. Using its deep understanding of the microfinance customers, the Company is able to harness relevant behavioural and transactional data of customers. This data can be used to make much better underwriting decisions and provide targeted credit to the customers.

Universal Banking license

The Company has applied for Universal Banking license under On-tap licensing scheme of the RBI. The RBI has already constituted a committee to evaluate applicants, and has published a list of applicants on April 15, 2021. The Company is optimistic that its application will be positively considered as it has been serving the under-served rural population for the last 12 years, has shown strong resilience in the face of various systemic and systematic risks in the past decade and built a sustainable business model which can be easily scaled up. It is also well capitalised and is under the umbrella of a strong diversified Group. The banking license, if bestowed, will open up a vast range of opportunities for the Company and will allow it the leverage to improve financial services to the underserved population at large.

Threats

Localised Political Disruptions

Over the past few years, the sector is facing increased cases of localised disruptions by local activists, who mislead microfinance customers not to repay promising to get loan waivers from governments. The industry has responded by educating the customers and engaging with the local administration wherever this has happened.

Impact of Natural Calamities

Climactic events are on a rise, and such events lead to loss of life & livelihoods of microfinance customers. Although customers generally bounce back, the increasing number, frequency and magnitude of natural calamities affecting our customer's livelihoods is emerging as a threat. The sector is looking into products such as Natural Calamity insurance to protect the customers as well as the players.

Digital Lending

As mentioned earlier, lending moving digital is an opportunity as well as a threat. With data becoming more democratic and cashless transactions increasing, competition from fintech companies and non-core microfinance players will be an emerging threat for core microfinance institutions.

Vulnerability to External Events

The sector is most vulnerable to external, unrelated events than any other financial product or segment. In recent past, the industry has been troubled by major socio-political events which has little bearing to microfinance, viz. anti-CAA protests, farm bill protests, elections, etc. With the focus being mass underserved customers having limited higher education or financial literacy, the sector will continue to witness temporary and large-scale disruptions due to external events. This creates a scope for unexpected credit losses, which the incumbents are unlikely to predict but will have to bear the costs.

Operational Highlights

The Financial year 2022 was a special year for all. We started the year with lockdown and work from home which was new for all of us. Once the lock down was lifted the company took up the challenge of regularising collections and growing business. Chaitanya expanded into three new States of Gujarat, Rajasthan and Tamil Nadu. Chaitanya's operations are now spread across ten states, viz. Karnataka, Maharashtra, Bihar, Uttar Pradesh, Jharkhand, Chhattisgarh, Gujarat, Rajasthan, Tamil Nadu and Madhya Pradesh. The spread across these states is in line with the company's objective to have a geographically diversified portfolio. The non-Karnataka share of microfinance book (Microfinance loans) is at 62% during the year.

The company ended the year with 469 branches, majorly the new branches expansion were in the newer geography. The company grew its loan book by an impressive 91% and a healthy customer growth of 59% The company now serves 8.1 lakh customers with an average outstanding of around thirty-two thousand per customer. The growth in portfolio is accompanied by improvement in efficiency. The operating cost has decreased from 8.2% to 7.9%. The company ended the year with a PAT of Rs. 52.25 Crores a growth of 153% over previous year.

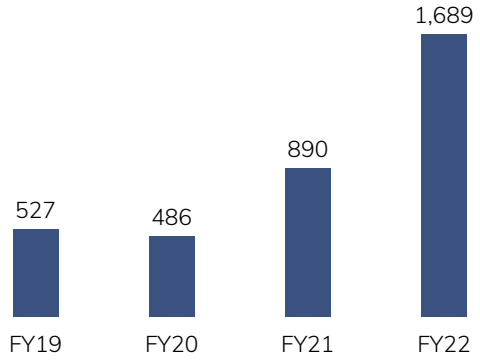
Particulars	FY 2022	FY 2021
No. of states covered	10	7
No. of districts covered	131	68
No. of branches	469	275
No. of employees	4292	2462
No. of active customers	8.1 lakhs	5.1 lakhs
Total AUM in INR (crores)	2,642	1,385
Operating Cost Ratio	7.9%	8.2%

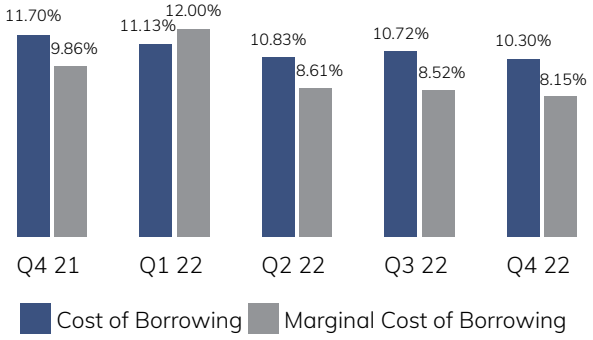
Although, in the field the priorities were defined by the pandemic and consequently the requirements of our customers, following continued to be the prime priorities of the Company:

1. Staff health - Spreading awareness through reach out programs, webinars by medical practitioners, and insisting on appropriate Covid preventive.
2. Consistently communicating with customers even when physically reaching them for regular center meetings were not possible.
3. Extending credit to customers after their saving and capital got consumed during the lockdown and pandemic.

d. Funding Profile

Borrowing in Crores





e. Internal control systems and their adequacy.

The Company has a robust Internal Control System as a part of its efforts to enshrine good governance in its operations. An effective internal audit function which is independent of the management and is reporting to the Audit Committee is in place and ensures that the audit of operations is periodically covered to ensure adherence of laid down policies and procedures, safeguarding assets and the creation of quality assets of the Company. In addition, a reputed external audit firm has been appointed as internal auditor with a mandate to audit the areas of finance and accounts, borrowings, field audit effectiveness, RBI compliances, human resources, payroll and administration. This is to ensure the evaluation of risk assessment and its management, adherence of policies and procedures and good governance by the company. The Audit Committee meets every Quarter and reviews the internal audit reports along with the reports on frauds, deviations, customer grievances, etc. of the previous quarter.

f. Material developments in Human Resources / Industrial Relations front, including number of people employed

Introduction: The HR Department aspires to create an all-inclusive experience for the rapidly growing workforce. The projects undertaken by the team were executed keeping the welfare of the employees in mind. With the business expansion in the states of Rajasthan, Gujrat, and Tamil Nadu, the accountability to provide the best experience and ensure the holistic development of our people increases. It has been assured that the ideology of the organization aligns with the aspiration of the employees

resulting in the achievement of the goals established to move closer to the vision of the organization. The talent acquisition team ventured into building a young workforce to support the expansion plan for the coming year.

Highlights:

- 42.63% increase in the total number of active employees, summing up to 4,292 by the end of this FY.
- 30.34% increase in the total number of active women employees summing up to 145 by the end of this FY.
- Successful implementation of the first phase of the advanced HRMS.

Technological Advancements: The HR department intended to upscale the processes and gear-up to achieve the determined target and hence embarked on a journey of technical enhancement of the department which is closely related to the life of an employee starting from the day of the initiation of the recruitment process to the completion of the exit formalities. The implementation of the advanced HRMS simplified the regular operations for both the employee and the HR Department. The implementation process started with the first phase including HRIS, attendance, leave, payroll, and exit modules. The enhancement of the second phase is under the process which will be expected to improve the transfer, confirmation, PMS, promotion, onboarding, and recruitment processes.

Learning Initiatives: There is an ever-increasing emphasis on learning and upskilling is a source of motivation to bring interactive and beneficial learning modules for the employees that not only improve their technical skills but also enhance their overall personality. This year the initiatives taken by the team were focused to strengthen the leadership team that will act as a catalyst for the all in all development of Chaitanya. The Field Middle Management Training module was imparted to improve time management, building empathy & rapport, and leadership skills. The training provided to the Young Managers from all the corporate functions was aligned toward creating impactful and inspiring leaders for the future. This consisted of interactive group training and one-one training to pay keen attention to personalized development. The Synergy Training was curated for all the Regional, Cluster, and Zonal function managers at Head Office to train them on collaboration, building synergy between departments and planning for achieving the goals. With an intent to improve the efficiency and effectiveness of the regular training sessions, "Train the Trainer" was organised which help them to innovate their training skills. These trainings were added to the list of training curated for the field employees namely induction, refresher, and other department-specific training.

Employee Wellness: During the difficult times of the pandemic, employees of Chaitanya were having constant support from the organization. To ensure the safety of the employees and the customers Chaitanya organized a free vaccination facility for all the employees. The environmental pressure creates a deep invisible impact on mental health. Hence some HR initiatives were inclined to create awareness amongst the employees.

Townhalls & Interactions: Diversified workforce with an increasing PAN India presence demands platforms to communicate and bridge the gap between the management and the employees. Virtual Quarterly Townhall meetings organized for PAN India employees ensured that all the employees are well aware of the implemented changes, company's growth updates, and upcoming changes and have a medium to share their concerns, feedback, and queries. Friday Townhall meetings at head office is a platform for the management to share the weekly update about the industry and organisation, this is also an opportunity for the employees to share their views. Chaitanya encourages the employees to share ideas and have healthy interactions, one such initiative was "Friday Summit" which was all about sharing challenges, problem-solving and innovation between the departments.

Policy & Process improvements: Revamping the processes and implementing the policies in line with the rapidly growing business is the need of the hour to optimize the possibility of target achievement. The policies and processes related to onboarding, recruitment, employee exit, transfer, and employee benefits have been updated and refined for a scalable model.

g. Information Technology

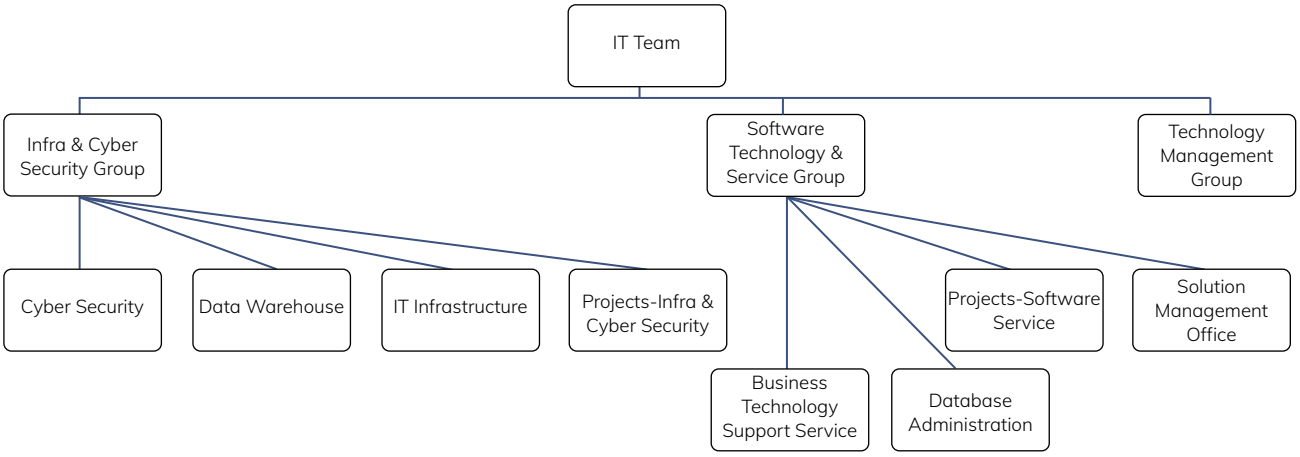
CIFCPL's objective is to improve the lives of low-income families through provision of financial services. Company fundamentally focusses on enabling micro-businesses in rural belt and is spread across 10 states in India. Technology incorporation has always been key focus. It not only enabled business, right investment on timely manner has contributed in wholesome manner to achieve company's objective and aggressive year on year growth plan.

IT keeps itself at edge with the change in business dynamics and new tech roll out in market with foresight on the expectations from various functions of CIFCPL. Additionally, periodic assessment of tech solutions is carried out to evaluate the alignment with organization's strategy, business demand and geopolitical expectations. Checks and controls are put in place to validated and react for any gaps with server, hardware, software and security of the tech solutions.

For this FY2022-23, IT is focused on mainly five core areas: stabilization of newly implemented ERPs, cyber security, automation, data warehousing and ease of product management. Ensuring the stability of ERP suites pertaining to Lending, Audit, Fixed Assets and CKYC are going to be key focus. This channelization is done to ensure adequate

support is provided to meet all technical requirements for the changes recommended by regulators and projected business growth. Saying so, company has put forth aggressive implementation of latest Cyber Security solution for all CIFCPL assets which shall ensure end point security (EPS) is practicalized to evade any security breach to our assets. Additional and dedicated focus shall be put in place for latest technology on robotic process automation, single sign on, logical access management, visualization and mobile device management (MDM). This comes with setting up centralized data warehouse solution for all new platforms in picture.

To achieve this ambitious task; correct blend of resource, task allocation and framework is required. IT have ensured concrete planning and segregation of duties based on profile are carried out to achieve it. Measurement, analysis and continuity is established by putting in place standardized tracking and project progress evaluation on defined intervals. This is done to ensure tech projects are focused, well on time and fully aligned with business objectives and change of tech landscapes.



Independent Auditor's Report

To,
The Members,
Chaitanya India Fin Credit Private Limited,
Bengaluru

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Chaitanya India Fin Credit Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

Emphasis of matter

We draw attention to Note No. 2B of the accompanying Standalone Financial Statements, which describes the evaluation of the impact of global pandemic COVID-19 carried out by the management and the recoverability of the carrying value of various assets, the company's business operations, financial position and the uncertainties associated with such an evaluation in the present circumstances and that the impact may be different from that assessed as at the date of approval of these Standalone Financial Statements.

Our opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matters to be communicated in our report.

Key audit matter	How the matter was addressed in our audit
Expected credit losses on loan assets Refer note 3(v) of significant accounting policies and note 7 for the outstanding loan assets and note 45.1.5 of the Standalone Financial Statements for credit risk disclosures. As at 31 March 2022, the Company has reported gross loan assets of Rs. 22575.97 millions against which an impairment loss of Rs.476.30 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under 'Ind AS 109 – Financial Instruments'.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following: • Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

Key audit matter	How the matter was addressed in our audit
The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio. Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses on loans is complex and is based on application of significant management judgement and the use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: • If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. • If a significant increase in credit risk since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 90 days. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions involved in measuring ECL is required with respect to: • determining the criteria for a significant increase in credit risk • factoring in future economic assumptions • techniques used to determine probability of default, loss given default and exposure at default. These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed during systemic and non-system scenarios. **COVID-19 impact on gross advances** On the basis of an estimate made by the management, an additional provision to the tune of Rs. 21.77 millions has been carried by the Company as at March 31, 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matters to the overall Standalone Financial Statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved it required significant attention of auditor. Accordingly, we have identified this as a key audit matter for current year audit.	• Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind-AS 109. • Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; • Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; • Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; and • Assessed the appropriateness and adequacy of the related presentation and disclosures of note 45 "Financial Risk Management" disclosed in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Key audit matter	How the matter was addressed in our audit
We also draw attention to Note 2(B) of the accompanying Standalone Financial Statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the abovementioned loan assets as on March 31, 2022, as the same is fundamental to the understanding of the users of Standalone Financial Statements.	

Other Matter

The numbers and details pertaining to year ended as at March 31, 2021 and notes related thereto in the Statement have been traced from the Financial Statements of the Company audited by the erstwhile Auditors vide their unmodified report dated June 18, 2021.

Our opinion is not modified in respect of the above matter.

Information other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Standalone Financial Statements and our auditor's report thereon. The 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 do not and 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 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 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management and those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereafter.

This responsibility also includes the 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 Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 are also responsible for overseeing the Company's financial reporting process.

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 scepticism 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 system 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.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 over financial reporting of the Company with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"** to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      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) which are required to be commented upon by us.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements vide Note No. 40;

ii. The Company has not entered into any long-term contracts including derivative contracts that could have any material foreseeable losses;

iii. No amounts were required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) 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 person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

(c) Based on the audit procedures that have been 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 (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any interim or final dividend during the year, hence reporting under Rule 11(f) is not applicable.

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

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 22209645AIZCCP2747

Place: Bengaluru
Date: 14-05-2022

Annexure - A

To The Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Chaitanya India Fin Credit Private Limited of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Chaitanya India Fin Credit Private Limited** ("the Company") as at March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 ('ICAI'). 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 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting includes those policies and procedures that

a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

b. 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 authorizations of management and directors of the company; and

c. Provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 22209645AIZCCP2747

Place: Bengaluru
Date: 14-05-2022

Annexure B

To The Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Chaitanya India Fin Credit Private Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

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

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

b. The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets once in a year which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, Plant and Equipment were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. The Company does not have any immoveable property. The properties where the Company is the lessee, the lease agreements are duly executed in favour of the lessee.

d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year and hence reporting under clause 3(i)(d) of the Order is not applicable.

e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder and hence reporting under clause 3(i)(e) of the Order is not applicable.

ii. a. The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

b. The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions during the year on the basis of security of current assets and the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.

iii. The Company has not made investments in, provided any guarantee or security or granted any loan, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLPs). The Company has granted unsecured loans to other parties, during the year, in respect of which:

a. The Company is a Systemically Important Non-Banking Financial Company – Micro Finance Institution (MFI) and is mainly into the business of lending loans to the members of Joint Liability Groups hence reporting under clause 3(iii)(a) is not applicable.

b. In our opinion, the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

c. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per stipulation.

d. In respect of loans granted by the Company, the amount overdue for more than ninety days as at the balance sheet date is as follows:

No. of cases	Principal amount overdue (Rs. Millions)	Interest overdue (Rs. Millions)	Total overdue (Rs. Millions)
27096	293.71	19.15	312.86

In our opinion and according to the information and explanations given to us, reasonable steps have been taken by the Company for recovery of the principal and interest.

e. The Company is a Systemically Important Non-Banking Financial Company – Micro Finance Institution (MFI) and is mainly into the business of lending loans to the members of Joint Liability Groups hence reporting under clause 3(iii)(e) is not applicable.

f. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and no loans have been granted to promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security which fall under the purview of section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3(vi) of the Order is not applicable to the Company.

vii. a. In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

b. We are informed that there are no dues which have not been deposited on account of any dispute as at March 31, 2022, except for the following

Name of statute	Nature of dues	Amount of dues (Rs. Millions)	Amount paid under protest (Rs. Millions)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	8.24	1.64	FY 2014-15	Commissioner of Income-tax (2) (1) (1) - Bangalore
The Income Tax Act, 1961	Income Tax	4.82	0.96	FY 2015-16	Commissioner of Income-tax (2) (1) (1) - Bangalore

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. a. The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

b. The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c. In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.

d. On an overall examination of the Standalone Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e. According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the company, we report that the Company did not have any subsidiaries or joint ventures or associates during the year hence reporting under clause 3(ix)(e) is not applicable.

f. According to the information and explanations given to us and on an overall examination of the Standalone Financial Statements of the company, we report that the Company did not have any subsidiaries or joint ventures or associates during the year hence reporting under clause 3(ix)(f) is not applicable.

x. a. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year. All the frauds noticed or reported during the year has been summarised in Note No. 72 of the Standalone Financial Statements.

No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

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

xii. The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given by the management and based on our verification of records maintained by the Company, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in Note No.42 of the Standalone Financial Statements as required by the applicable accounting standards.

xiv. a. In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b. We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations provided to us and based on our verification of records maintained and provided to us by the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is 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 such registration has been obtained by the Company.

b. The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 and no business has been conducted by the Company without any valid Certificate of Registration (CoR).

c. The company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India.

d. In our opinion and as per the information and explanations given to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been resignation of the statutory auditors during the year and we have taken into consideration the issues, objections or concerns raised by the outgoing auditors. As mentioned in Form ADT-3 filed with the Ministry of Corporate Affairs the outgoing auditors resigned in order to comply with the requirements of the notification of RBI Ref.No.DoS.CO.ARG/ SEC.01/08.91.001/2021-22 dt. 27.04.2021 read with FAQs dt. 11.06.2021 with regard to maximum number of statutory audits of Non-Banking Financial Companies that an audit firm can take up.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the Standalone Financial Statements and 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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. a. There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

b. There are no unspent amounts towards Corporate Social Responsibility (CSR) on ongoing projects as at the end of the previous financial year or at the end of current financial year requiring a transfer to a Special Account in compliance with sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

GEORGY MATHEW
Partner
M. No. 209645
UDIN: 22209645AIZCCP2747

Place: Bengaluru
Date: 14-05-2022

Balance Sheet as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	1,964.67	637.99
Bank balance other than cash and cash equivalents	5	234.10	171.20
Receivables :			
i) Other receivables	6	1.63	0.48
Loans	7	22,099.66	11,319.42
Investments	8	278.86	1,809.00
Other financial assets	9	362.00	178.17
2 Non-financial assets			
Current tax assets (net)		6.36	-
Deferred tax assets (net)	10	87.74	156.33
Property, plant and equipment	11	69.33	28.85
Right of use assets	12	0.50	1.33
Other intangible assets	13	14.00	8.58
Other non-financial assets	14	35.86	14.11
Total assets		**25,154.71**	**14,325.46**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	49.22	23.73
(II) Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	-	5.38
Debt securities	17	2,281.08	2,965.86
Borrowings (other than debt securities)	18	17,613.26	6,751.69
Subordinated liabilities	19	399.16	398.36
Lease liabilities (Refer Note 41)		0.67	1.52
Other financial liabilities	20	621.56	481.55
2 Non-financial liabilities			
Current tax liabilities (net)		-	36.75
Provisions	21	146.67	133.95
Other non-financial liabilities	22	57.32	44.33
Total liabilities		**21,168.94**	**10,843.12**
3 Equity			
Equity share capital	23	1,035.00	1,035.00
Other equity	24	2,950.77	2,447.34
Total equity		**3,985.77**	**3,482.34**
Total liabilities and equity		**25,154.71**	**14,325.46**

See accompanying notes forming part of the financial statements.

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

As per our report of even date
For **VARMA & VARMA**
Chartered Accountants
Firm Registration No.: 004532S

Sachin Bansal
Managing Director and CEO
DIN: 02356346
Bengaluru
14.05.2022

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808
Bengaluru
14.05.2022

Anand Rao
Joint Managing Director
DIN: 01713987
Bengaluru
14.05.2022

Georgy Mathew
Partner
Membership No. 209645
Bengaluru
14.05.2022

Abhik Sarkar
Chief Financial Officer
Bengaluru
14.05.2022

Anup Kumar Gupta
Company Secretary
Bengaluru
14.05.2022

Statement of Profit and Loss for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
(i) Interest income	25	3,201.27	2,099.31
(ii) Fees and commission income	26	19.32	33.68
(iii) Net gain on fair value changes	27	17.57	22.65
(iv) Net gain on de-recognition of financial instruments under amortised cost category	28	361.40	180.93
(v) Other operating income	29	12.34	0.52
(I) Total revenue from operations		**3,611.90**	**2,337.09**
(II) Other Income	30	0.73	0.84
(III) Total income (I + II)		**3,612.63**	**2,337.93**
Expenses			
(i) Finance costs	31	1,311.41	766.86
(ii) Impairment of financial instruments	32	230.85	523.38
(iii) Employee benefits expenses	33	902.18	582.17
(iv) Depreciation and amortisation expenses	34	27.98	14.72
(v) Other expenses	35	437.11	199.19
(IV) Total expenses		**2,909.53**	**2,086.32**
(V) Profit before exceptional items and tax (III-IV)		**703.10**	**251.61**
(VI) Exceptional items		-	-
(V) Profit before tax (III - IV)		**703.10**	**251.61**
(VI) Tax expense:	36	**180.58**	**45.36**
(1) Current tax		96.17	119.65
(2) Prior Period tax		9.40	-
(3) Deferred tax		75.01	(74.29)
(VII) Profit for the period from continuing operations (V - VI)		**522.52**	**206.25**
(VII) Profit for the period (V - VI)		**522.52**	**206.25**
(VIII) Other comprehensive income			
(ii) Items that will not be reclassified to profit or loss		(1.73)	1.76
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.44	(0.44)
Subtotal (A)		**(1.29)**	**1.32**
(i) Items that will be reclassified to profit or loss		(23.80)	28.12
(ii) Income tax relating to items that will be reclassified to profit or loss		5.99	(7.08)
Subtotal (B)		**(17.81)**	**21.04**
(IX) Total comprehensive income for the period (VII + VIII)		**503.42**	**228.61**
(X) Earnings per equity share (EPS) (face value of ₹ 10.00 each)	37		
Basic (₹)		5.05	2.06
Diluted (₹)		5.05	2.06

See accompanying notes forming part of the financial statements.

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

As per our report of even date
For **VARMA & VARMA**
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Firm Registration No.: 004532S

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14.05.2022

Cash Flow Statement for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	703.10	251.60
Contribution to employee stock option scheme	10.47	9.41
Depreciation and amortisation	27.98	14.73
Interest expense on lease liability	0.09	0.23
Loss/(gain) on sale of property, plant and equipment (net)	(0.08)	(0.66)
Impairment of financial instruments	230.85	446.28
EIR adjustment on financial instruments	24.28	(23.73)
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Net gain on sale of mutual funds and certificate of deposits	(16.35)	(42.92)
Impairment on other assets	-	(0.01)
Net gain on fair value changes on investment	(1.22)	0.08
Gain on sale of loan portfolio through assignment	(361.40)	(180.93)
Movements in working capital:		
(Increase) / decrease in loans	(11,078.28)	(3,327.48)
(Increase) / decrease in receivables	(1.15)	(0.48)
(Increase)/ decrease in other financial assets	150.58	(146.37)
(Increase) / decrease in other non-financial assets	(21.75)	(5.95)
Increase/ (decrease) in payables	20.11	(27.86)
Increase / (decrease) in other financial liabilities	140.01	290.81
Increase/ (decrease) in provisions	0.52	33.60
Increase / (decrease) in non-financial liabilities	12.99	53.18
Cash used in operations	**(10,183.05)**	**(2,628.35)**
Direct taxes paid (net of refunds)	(142.33)	(82.94)
Net cash flows used in operating activities (A)	**(10,325.38)**	**(2,711.29)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(73.14)	(25.80)
Proceeds from sale of property, plant and equipment and intangible assets	0.19	4.31
Proceeds from sale of Investments	22,899.37	22,124.06
Purchase of Investments	(21,351.64)	(23,398.91)
Investment in Bank Deposits	(62.90)	(30.61)
Net cash flows used in investing activities (B)	**1,411.88**	**(1,326.95)**
C. Cash flow from financing activities		
Proceeds from debt securities	-	2,510.00
Repayment of debt securities	(699.20)	(805.75)
Proceeds from other than debt securities	16,893.74	6,400.00
Repayment of other debt securities	(5,953.42)	(3,485.22)
Lease payments	(0.94)	(1.24)
Net cash flows from financing activities (C)	**10,240.18**	**4,617.79**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,326.68	579.55
Cash and cash equivalents at the beginning of the year	637.99	58.44
Cash and cash equivalents at the end of the year	**1,964.67**	**637.99**

Cash Flow Statement for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Cash on hand	3.19	12.25
ii) Balances with banks (of the nature of cash and cash equivalents)	1,961.48	625.74
Total	**1,964.67**	**637.99**

See accompanying notes forming part of the financial statements.

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

As per our report of even date
For **VARMA & VARMA**
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14.05.2022

Statement of Changes in Equity for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at 31 March 2021	**10,35,00,000**	**1,035.00**
Changes in Equity share capital during the year	-	-
As at 31 March 2022	**10,35,00,000**	**1,035.00**

A. Equity share capital

(1) Current reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
1,035.00	-	-	-	1,035.00

(2) Previous reporting period

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
750.00	-	-	285.00	1,035.00

B. Other equity

Particulars	Equity component of compound financial instruments	Reserves and Surplus					Other comprehensive income	Total
		Securities premium account	Statutory reserve - Reserve fund u/s 45-IC of RBI Act 1934	Contribution to employee stock option scheme	Debenture redemption reserve	Retained earnings		
Balance as at 31 March 2021	**-**	**2,139.95**	**80.73**	**16.80**	**10.00**	**180.66**	**19.20**	**2,447.34**
Profit for the period	-	-	-	-	-	503.42	-	503.42
Other comprehensive income (net of tax)	-	-	-	-	-	-	(19.10)	(19.10)
Transfer to statutory reserves	-	-	100.69	-	-	(100.69)		-
Employee stock option compensation for the period	-	-	-	-	-	-	-	-
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	19.11	-	19.11
Balance as at 31 March 2022	**-**	**2,139.95**	**181.42**	**16.80**	**10.00**	**602.50**	**0.10**	**2,950.78**

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

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Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

1. CORPORATE INFORMATION

Chaitanya India Fin Credit Private Limited ('the Company) was incorporated on 31 March 2009, to carry on the business of lending, instalment financing, bill discounting, providing working capital and term loan facilities to small and medium business enterprises including individual loans, with or without all or any types of securities. The Company acts as facilitator for provision of micro finance, savings and other financial services by acting as intermediaries between Banks, Financial Institutions, Individuals, Corporate bodies or other entities (whether incorporated or not), of one part, with the Joint Liability Groups (JLG), Members of JLGs, discrete individuals or small groups which are in the process of forming JLGs and / or other micro-credit aspirants, and to assist, execute, provide consultancy service and promote and finance such programs, either directly or through an independent agency and/or in any other manner.

The Company has received Certificate of registration from Reserve Bank of India dated 25 September 2009, to carry on the business of Non- Banking Financial Institution without accepting deposits. The Company has obtained registration under the Non-Banking Finance Company – Micro Finance Institution (Reserve Bank) Directions, 2011 vide RBI Letter dated 05 September 2013.

The Company is a subsidiary of Navi Finserv Limited (Formerly known as Navi Finserv Private Limited) ('the Holding Company) with effect from 12 November 2014.

The Company is treated as a Systemically Important Non-Banking Financial Company – Micro Finance Institutions (MFIs) as the assets size of the group (consolidated assets size of the Company and its Holding Company put together) exceeded ₹ 5000 Millions in the month of September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016).

2. BASIS OF PREPARATION

A. BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, RBI directions to NBFCs and Division III to Schedule III of the Act. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the Accounting Policy hitherto in use.

B. NOVEL CORONA VIRUS (COVID-19)

Consequent to the outbreak of the COVID-19 pandemic, its impact, including changes in customer behaviour and pandemic fears, as well as restriction of business and individual activities, had led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The extent to which COVID-19 pandemic will continue to impact the Company's performance and will depend on ongoing as well as future developments which are highly uncertain. The Company's capital and liquidity position remains sufficient and would continue to be the focus area for the Company; accordingly, the Company does not expect a stress on its liquidity situation in the immediate future.

The Company has put in place specific measures to handle COVID-19 pandemic in line with regulatory requirements such as, social distancing (including work from home options), providing PPE (personal protective gear) to its employees in the organization. The COVID specific SOP (standard operating procedure) prepared was communicated to all the employees and, the requirement of strict adherence has been enforced with the employees. Further, a QRT (quick response team) has been formed, to handle any exigencies reported in the organization.

The Company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 476.31 Millions which includes an additional provision of ₹ 21.77 Millions for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimate as at the date of approval of these financial statements.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

C. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of the Company are presented as per Schedule III (Division III) of the Companies Act, 2013 applicable to NBFCs, as notified by the Ministry of Corporate Affairs (MCA). Financial assets and financial liabilities are generally reported on a gross basis except when, there is an unconditional, legally enforceable right to offset the recognised amounts without being contingent on a future event and the parties intend to settle on a net basis in the following circumstances:

i. The normal course of business

ii. The event of default

iii. The event of insolvency or bankruptcy of the Company and/or its counterparties

Derivative assets and liabilities with master netting arrangements are presented net if all the above criteria are met.

D. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and the other relevant provisions of the Act. The Company has uniformly applied the accounting policies for all the periods presented in these financial statements.

The Financial statements for the year ended 31 March 2022 have been prepared in accordance with Ind AS and other applicable guidelines issued by the Reserve Bank of India ('RBI'). The financial statements for the year were authorised and approved for issue by the Board of Directors on May 14, 2022.

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values, and employee benefit plans which are measured using actuarial valuation, as explained in relevant accounting policies.

E. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i. Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

ii. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

iii. Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

iv. Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

v. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/ taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

vi. Other estimates:

These include contingent liabilities, useful lives of tangible and intangible assets etc.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the significant accounting policies and measurement basis summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Ind AS.

3.1 Financial Instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

i. Financial assets measured at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

ii. Financial assets are measured at FVTOCI (Fair value through other comprehensive income)

A financial asset is measured at the FVTOCI if both the following conditions are met:

a) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

b) The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income is recognized in the statement of profit or loss in the same manner as for financial assets measured at amortized cost.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

iii. Financial assets measured at FVTPL (Fair value through profit and loss)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL, with all changes recognized in the P&L.

iv. Investments in mutual funds

Investments in mutual funds are measured at fair value through profit and loss (FVTPL).

De-recognition of financial assets:

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also de-recognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Compound financial instruments

Convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum (including redemption premium, if any) at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

v. Impairment of financial assets

Overview of the Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all standard advances and advances upto 30 days default under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. If an event (for eg. any natural calamity) warrants a provision higher than as mandated under ECL methodology, the Company may classify the financial asset in Stage 3 accordingly.

Credit-impaired financial assets:

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

i. Significant financial difficulty of the borrower or issuer;

ii. A breach of contract such as a default or past due event;

iii. The restructuring of a loan or advance by the Company on terms that the company would not consider otherwise;

iv. It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

v. The disappearance of an active market for a security because of financial difficulties.

The mechanics of ECL:

The Company calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PD is further explained in Note 45.1.5.

Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date. The concept of EAD is further explained in Note 45.1.5.

Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The concept of LGD is further explained in Note 45.1.5.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data.

vi. Write-offs

vThe Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could

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generate sufficient cash flows to repay the amounts subjected to write-offs. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

vii. Determination of fair value

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest.

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which enough data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

Difference between transaction price and fair value at initial recognition The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises the difference between the transaction price and the fair value in profit or loss on initial recognition (i.e. on day one).

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. No such instances of transfers between levels of the fair value hierarchy were recorded during the reporting period.

3.2 Revenue from operations

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

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The EIR in case of a financial asset is computed

a. As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Dividend Income

a. Dividend income is recognised at the time when the right to receive is established by the reporting date. When the right to receive the payment is established,

b. it is probable that the economic benefits associated with the dividend will flow to the entity and

c. the amount of the dividend can be measured reliably

iii. Fees & Commission Income

Revenue from contract with customer for rendering services is recognised at a point in time when performance obligation is satisfied.

iv. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

v. Recoveries of financial assets written off

The Company recognises income on recoveries of financial assets written off on realisation.

vi. Miscellaneous income

All other income is recognised on an accrual basis, when there is no uncertainty in the ultimate realisation/ collection.

3.3 Expenses

i. Finance costs

Finance costs represents Interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL.

The EIR in case of a financial liability is computed

a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

b. By considering all the contractual terms of the financial instrument in estimating the cash flows.

c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest expense includes issue costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to advisers and other expenses such as external legal costs, rating fee etc, provided these are incremental costs that are directly related to the issue of a financial liability.

ii. Retirement and other employee benefits

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised as an expense during the period. Benefits such as salaries and wages, etc. and the expected cost of the bonus/ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment employee benefits

a) Defined contribution schemes

All the employees of the Company are entitled to receive benefits under the Provident Fund

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and Employees State Insurance scheme, defined contribution plans in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future benefits other than its annual contribution and recognises such contributions as an expense in the period in which employee renders the related service. If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

b) Defined Benefit schemes

Gratuity

The Company provides for gratuity covering eligible employees under which a lump sum payment is paid to vested employees at retirement, death, incapacitation or termination of employment, of an amount reckoned on the respective employee's salary and his tenor of employment with the Company. The Company accounts for its liability for future gratuity benefits based on actuarial valuation determined at each Balance Sheet date by an Independent Actuary using Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the market yields on Government Securities as at the Balance Sheet date.

An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Re-measurement, comprising of actuarial gains and losses (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

Other long-term employee benefits

Company's liabilities towards compensated absences to employees are accrued on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss.

The Company presents the provision for compensated absences under provisions in the Balance Sheet.

iii. Leases

Identification of Lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

iv. Other income and expenses

All other income and expense are recognized in the period they occur.

v. Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that

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reflects current market assessments of the time value of money and risks specific to the asset.

In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

vi. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise the net amount of short-term, highly liquid investments that are readily convertible to known amounts of cash (short-term deposits with an original maturity of three months or less) and are subject to an insignificant risk of change in value, cheques on hand and balances with banks. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above.

3.5 Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost less accumulated depreciation and accumulated impairment, (if any). The total cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Depreciation and amortization

Depreciation on property, plant & equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the Assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5000 are depreciated in full in the year of acquisition. The useful life of the assets are as follows:

Property, plant and equipment:

Sl. No.	Asset	Useful Life (In Years)
1.	Furniture and fixtures	10
2.	Computer and peripherals	3
3.	Office equipment	5
4.	Motor vehicles	
	- Motor car	8
	- Motor bikes	10
5.	Electrical equipment	10

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

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Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.6 Intangible assets

The Company's intangible assets consist of computer software with definite life.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset comprises its purchase price and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The company is amortising computer software on straight line method over a period of 3 years.

Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.7 Provisions

Provisions are recognised when the enterprise has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of the time value of money is material, the enterprise determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.8 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

3.9 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

3.10 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

3.11 Compound financial instruments

Compulsorily convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the said instruments, the liability component is arrived by discounting the gross sum at a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost until it is extinguished on conversion or

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redemption. The remainder of the proceeds is recognised as equity component of compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently re-measured.

3.12 Segment reporting

The Company is primarily engaged in the business of financing and as such no separate information is required to be furnished in terms of Ind AS 108 "Operating segments" specified under section 133 of the Companies Act, 2013.

3.13 Employee Stock Option Plan (ESOP)

The Company recognizes compensation expense relating to share-based payments in net profit based on estimated fair-values of the awards on the grant date. The estimated fair value of awards is recognized as an expense in the statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

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4 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash on hand	3.19	12.25
Balances with banks and financial institutions		
- Balance with banks in current accounts	1,951.22	225.74
- Bank deposit with remaininng maturity less than 3 months	10.26	400.00
Total	**1,964.67**	**637.99**

5 Bank balance other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Deposits for remaining maturity of more than 3 months and upto 12 months	0.20	-
Deposits with remaining maturity more than 12 months	-	-
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	233.90	171.20
Total	**234.10**	**171.20**

*The amount under lien as security against term loan and assets securitised are as follows (included above in note 5):

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans	233.90	171.20
Total	**233.90**	**171.20**

6 Other receivables (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from related party considered good- unsecured* (refer note 42)	1.63	0.48
Total	**1.63**	**0.48**
Less: Impairment loss allowance	-	-
Total	**1.63**	**0.48**

The Company does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

*Other receivables considered good are expected to be realised within one year.

Note 6.1 Other receivables

Particulars	As at 31 March 2022					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-

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Note 6.1 Other receivables (Contd..)

Particulars	As at 31 March 2022					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
(vii) Other receivables – considered good	1.63	-	-	-	-	1.63

Particulars	As at 31 March 2021					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
(vii) Other receivables – considered good	0.48	-	-	-	-	0.48

Note 6.2-Non-current Trade Receivables

Particulars	As at 31 March 2022	As at 31 March 2021
Considered good - Secured	-	-
Considered good - Unsecured	-	-
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	-	-
Less: Loss allowance	-	-
Total	**-**	**-**

7 Loans

Particulars	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
Term loans						
i) Secured by Tangible Assets						
Secured - Mortgage housing loans	46.80	-	46.80	80.62	-	80.62
Secured - Small Business Loans	2.94	-	2.94	6.22	-	6.22
Secured - Livestock Loan	8.03	-	8.03	15.14	-	15.14

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7 Loans (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	At fair value through OCI	Total	Amortised cost	At fair value through OCI	Total
ii) Unsecured Loan						
Unsecured - Retails	39.14	-	39.14	-	-	-
Unsecured - Joint liability loans	21,247.87	1,224.27	22,472.14	9,787.38	2,092.32	11,879.70
Total (A) - Gross	**21,344.78**	**1,224.27**	**22,569.06**	**9,889.36**	**2,092.32**	**11,981.68**
Less : Impairment loss allowance	(460.72)	(14.84)	(475.56)	(629.17)	(37.60)	(666.77)
Total (A) - Net	**20,884.06**	**1,209.43**	**22,093.50**	**9,260.19**	**2,054.72**	**11,314.91**
Others - Loans to employees						
Unsecured	6.91	-	6.91	4.67	-	4.67
Total (B) - Gross	**6.91**	**-**	**6.91**	**4.67**	**-**	**4.67**
Less : Impairment loss allowance	(0.75)	-	(0.75)	(0.16)	-	(0.16)
Total (B) - Net	**6.16**	**-**	**6.16**	**4.51**	**-**	**4.51**
Total loans (A+B) - Net	**20,890.22**	**1,209.43**	**22,099.66**	**9,264.70**	**2,054.72**	**11,319.42**
Loans in India						
Public sector	-	-	-	-	-	-
Others	21,351.69	1,224.27	22,575.97	9,894.03	2,092.32	11,986.35
Total - Gross	**21,351.69**	**1,224.27**	**22,575.97**	**9,894.03**	**2,092.32**	**11,986.35**
Less : Impairment loss allowance	(461.47)	(14.84)	(476.31)	(629.33)	(37.60)	(666.93)
Total - Net	**20,890.22**	**1,209.43**	**22,099.66**	**9,264.70**	**2,054.72**	**11,319.42**

Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in note 45.1 Credit Risk (Impairment assessment).

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade - No over due	21,938.81	-	-	21,938.81	10,959.61	-	-	10,959.61
Standard grade - DPD 1 to 30	177.00	-	-	177.00	324.31	-	-	324.31
Standard grade - DPD 31 to 60	-	120.65	-	120.65	-	119.83	-	119.83
Standard grade - DPD 61 to 90	-	45.80	-	45.80	-	91.19	-	91.19
Non- performing								
Sub-standard grade - DPD > 90	-	-	293.71	293.71	-	-	491.41	491.41
Total	**22,115.81**	**166.45**	**293.71**	**22,575.97**	**11,283.92**	**211.02**	**491.41**	**11,986.35**

Notes forming part of the financial statements

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7 Loans (Contd..)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	**11,283.92**	**211.02**	**491.41**	**11,986.35**	**8,400.74**	**26.63**	**69.20**	**8,496.57**
New assets originated*	20,204.07	45.73	23.86	20,273.66	9,790.53	11.44	20.07	9,822.04
Movement between stages	-	-	-					
Transferring from Stage 1	(503.98)	280.59	223.39	-	(910.13)	383.94	526.19	-
Transferring from Stage 2	5.61	(75.66)	70.05	-	1.57	(15.99)	14.42	-
Transferring from Stage 3	0.45	0.98	(1.43)	-	0.03	0.04	(0.07)	-
Assets repaid, derecognized and written off	(8,874.26)	(296.21)	(513.57)	(9,684.04)	(5,998.82)	(195.03)	(138.39)	(6,332.24)
Gross carrying amount- closing balance	**22,115.81**	**166.45**	**293.71**	**22,575.97**	**11,283.92**	**211.02**	**491.41**	**11,986.35**

* New assets originated is presented net of collections made during the year

Reconciliation of ECL balance is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**208.41**	**74.36**	**384.16**	**666.93**	**165.67**	**5.52**	**36.26**	**207.45**
New assets originated*	181.53	16.15	17.54	215.22	172.64	1.87	13.19	187.70
Movement between stages								
Transfers from Stage 1	(10.93)	5.53	5.40	-	(20.57)	8.31	12.26	-
Transfers from Stage 2	1.70	(23.42)	21.72	-	0.31	(3.20)	2.89	-
Transfers from Stage 3	0.33	0.73	(1.06)	-	0.01	0.03	(0.04)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(167.19)	(16.07)	(222.58)	(405.84)	(109.65)	61.83	319.60	271.78
Impairment allowance - closing balance	**213.85**	**57.28**	**205.18**	**476.31**	**208.41**	**74.36**	**384.16**	**666.93**

* New assets originated is presented net of collections made during the year

The Company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 476.30 million which includes an additional provision of ₹ 21.77 million for impact of COVID-19 second wave, based on the information available at this point of time including economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

8 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
a) Mutual funds	53.59	900.05
b) Debt securities	-	252.64
c) Pass through certificates (unquoted)	225.27	656.32
Total Gross (A)	**278.86**	**1,809.01**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

8 Investments (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
i) Investments outside India	-	-
ii) Investments in India	278.86	1,809.01
Total Gross (B)	**278.86**	**1,809.01**
Less : Allowance for impairment loss **(C)**	-	(0.01)
Net - D = (A) - (C)	**278.86**	**1,809.00**

a) Investments in mutual funds (Measured at fair value through profit or loss)

Particulars	As at 31 March 2022	As at 31 March 2021
Aditya Birla Sun Life Money Overnight Fund - Growth - (Direct Plan) (31 March 2021 : 269,568 units)	-	300.01
Kotak Overnight Fund - Growth - (Direct Plan) (31 March 2021 : 273,255 units)	-	300.01
ICICI Overnight Fund DP Growth (31 March 2021 : 2,703,291 Units)	-	300.03
22,972 Units in NAVI Liquid Fund DP Growth (31 March 2021 : 0 Units)	53.59	-
Total	**53.59**	**900.05**

b) Investments in Debt securities (Designated at fair value through profit or loss)

Particulars	As at 31 March 2022	As at 31 March 2021
Debentures (unquoted)	-	151.73
Commercial Paper (unquoted)	-	100.91
Total	**-**	**252.64**

c) Investments in Pass through certificates (unquoted) (Designated at fair value through profit or loss)

Particulars	As at 31 March 2022	As at 31 March 2021
In Pass Through Certificates (PTC) representing securitisation of loan receivables	225.27	656.32
Total - Gross	**225.27**	**656.32**
Less : Impairment loss allowance	-	(0.01)
Net	**225.27**	**656.31**

9 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security rental deposits (unsecured, considered good)	12.95	8.54
Insurance recoverable	33.02	21.24
Less : Impairment on insurance recoverable	(22.27)	(7.97)
EIS receivable on assignment	282.11	147.12
Other recoverables	71.04	17.86
Less : Impairment on other recoverables	(14.85)	(8.62)
Total	**362**	**178.17**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

10 Deferred tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
(A) Deferred tax assets		
Provision for employee benefits & Other payables	18.42	14.30
Difference in written down value as per books and Income Tax Act	3.91	3.66
Impairment allowance for loans	101.67	160.30
Impairment allowance for other receivables	9.49	4.35
Financial assets measured at amortised cost	45.05	23.05
Employee stock option scheme expense	-	-
Others	0.02	0.68
Total deferred tax assets	**178.56**	**206.34**
(B) Deferred tax liabilities		
Financial liabilities measured at amortised cost	27.42	11.22
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	31.71
Fair value change of loans through other comprehensive income	1.09	7.08
Others	0.49	-
Total deferred tax liabilities	**90.82**	**50.01**
Net deferred tax asset	**87.74**	**156.33**

(i) Movement in deferred tax assets (net)

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to other equity	As at 31 March 2022
(A) Deferred tax assets					
Provision for employee benefits	14.30	3.68	0.44	-	18.42
Difference in written down value as per Companies Act and Income Tax Act	3.66	0.25	-	-	3.91
Impairment allowance for loans	160.30	(58.63)	-	-	101.67
Impairment allowance for other receivables	4.35	5.14	-	-	9.49
Financial assets measured at amortised cost	23.05	22.00	-	-	45.05
Others	0.68	(0.66)	-	-	0.02
Total deferred tax assets	**206.34**	**(28.22)**	**0.44**	**-**	**178.56**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	11.22	16.20	-	-	27.42
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	30.11	-	-	61.82
Fair value change of loans through other comprehensive income	7.08	-	(5.99)	-	1.09
Others	-	0.49	-	-	0.49
Total deferred tax liabilities	**50.01**	**46.80**	**(5.99)**	**-**	**90.82**
Net deferred tax asset	**156.33**	**(75.02)**	**6.43**	**-**	**87.74**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

11 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
As at 31 March 2021	**43.96**	**22.01**	**0.15**	**0.16**	**18.02**	**84.30**
Additions	40.09	15.73	-	4.68	2.41	62.91
Adjustments/ regrouping	-	8.25	-	6.31	(14.56)	-
Reversal on disposal of assets	0.67	-	0.06	0.18	0.02	0.93
As at 31 March 2022	**83.38**	**45.99**	**0.09**	**10.97**	**5.85**	**146.28**
Accumulated depreciation and impairment						
As at 31 March 2021	**33.77**	**12.39**	**0.13**	**0.07**	**9.09**	**55.45**
Charge for the period	14.98	4.81	-	1.30	1.25	22.34
Adjustments/ regrouping	-	4.11	-	3.31	(7.42)	-
Reversal on disposal of assets	0.61	-	0.05	0.16	0.02	0.84
As at 31 March 2022	**48.14**	**21.31**	**0.08**	**4.52**	**2.90**	**76.95**
Net carrying amount as at 31 March 2022	**35.24**	**24.68**	**0.01**	**6.45**	**2.95**	**69.33**

12 Carrying value of right of use assets at the end of the reporting period by class

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	1.33	2.23
Addition to lease assets during the period	-	0.97
Less: Depreciation charge for the period	(0.83)	(1.87)
Closing value of right of use assets	**0.50**	**1.33**

13 Other intangible assets

Particulars	Computer software
Gross block	
As at 31 March 2021	**11.01**
Additions	10.24
Reversal on disposal of assets	0.02
As at 31 March 2022	**21.23**
Accumulated amortisation and impairment:	
As at 31 March 2021	**2.43**
Charge for the period	4.81
Reversal on disposal of assets	0.01
As at 31 March 2022	**7.23**
Net carrying amount as at 31 March 2022	**14.00**

Other than internally generated.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

14 Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Prepaid expenses	13.44	7.39
Advance to suppliers and others	19.79	2.88
Advance to staff	0.02	1.23
Income tax paid under dispute	2.61	2.61
Total	**35.86**	**14.11**

15 Trade payables

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	49.22	23.73
Total	**49.22**	**23.73**

15.1 Trade payables ageing is as follows:

Particulars	As at 31 March 2022				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	49.08	-	0.14	-	49.22
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-

Particulars	As at 31 March 2021				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	23.59	0.14	-	-	23.73
(iii) Disputed dues- MSME	-	-	-	-	-
(iv) Disputed dues- others	-	-	-	-	-

16 Other payables

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	-	5.38
Total	**-**	**5.38**

* Trade Payables and other receivables are expected to be settled within 1 year

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

17 A. Debt securities secured (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Redeemable non-convertible debentures - Secured and listed	1,765.00	2,221.55
Redeemable non-convertible debentures - Secured and unlisted	466.08	494.61
Total (A)	**2,231.08**	**2,716.16**

B. Debt securities unsecured (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Redeemable non-convertible debentures - Unsecured and unlisted	50.00	249.70
Total (B)	**50.00**	**249.70**
Total debt securities (A+B)	**2,281.08**	**2,965.86**
Debt securities in India	2,281.08	2,965.86
Debt securities outside India	-	-
Total	**2,281.08**	**2,965.86**

18 Borrowings (other than debt securities) (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Secured		
Term loan from Banks - Secured *	13,864.07	4,084.07
Term loan from Financial Institutions -Secured	3,749.19	2,667.62
Total	**17,613.26**	**6,751.69**
Borrowings in India	17,613.26	6,751.69
Borrowings outside India	-	-
Total	**17,613.26**	**6,751.69**

* The term loans are covered by unsecured microfinance JLG loans to the extent of minimum 100%-110% of outstanding. The Company assigns the book debts as per the sanction terms. Further in respect of term loans drawn during quarter 4 of FY 2021-22 aggregating to ₹ 6873.40 million, the Company will assign the book debts in due course as per the sanction terms. The borrowings have not been guaranteed by directors or others.

18. 1 Terms of debentures*

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured					
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250.00	250.00	10,00,000	250.000	250.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	-	2,000.00	1,00,000	-	200.00

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

18 Borrowings (other than debt securities) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150.00	150.00	10,00,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500.00	500.00	10,00,000	500.00	500.00
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	-	300.00	9,23,000	-	276.90
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500.00	500.00	10,00,000	500.00	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500.00	2,500.00	23,080	57.70	250.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100.00	3,100.00	1,00,000	310.00	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500.00	500.00	9,40,000	470.00	500.00
Unsecured					
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50.00	50.00	10,00,000	50.00	50.00
Subordinated debts					
17.00% Subordinated, Rated, Listed, Unsecured, Redeemable, Transferable, Non-Convertible Debentures dated 11 February 2016	50.00	50.00	10,00,000	50.00	50.00
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	15,00,00,000.00	15,00,00,000.00	1	150.00	150.00

* The amounts as on 31 March 2022 and 31 March 2021 are outstanding amounts denominated at face value of the respective securities.

18.2 Terms of repayment of long term borrowings outstanding#

Maturity pattern of debt securities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2022		As at 31 March 2021	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	3	57.70	25	526.90
Half yearly repayment schedule	8%-10%	Upto 2 years	7	45.00		-
	8%-10%	2 to 4 years	3	425.00	12	500.00
At the end of tenure / On demand	8%-10%	Upto 2 years	2	310.00	2	310.00
	10%-12%	Upto 2 years	4	1,150.00	2	500.00
	10%-12%	2 to 4 years		-	2	650.00

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

18 Borrowings (other than debt securities) (at amortised cost) (Contd..)

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2022		As at 31 March 2021	
			No. of instalments	Amount	No. of instalments	Amount
	12%-15%	Upto 2 years	2	300.00		-
	12%-15%	2 to 4 years		-	1	200.00
	12%-15%	4 to 6 years		-	1	250.00
	12%-15%	More than 6 years		-	1	50.00
Total				**2,287.70**		**2,986.90**

Maturity pattern of borrowings (other than debt securities) - [Term loan from Banks] .

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2022		As at 31 March 2021	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	758	9,385.99	67	1,018.73
	8%-10%	2 to 4 years	218	2,403.36	25	303.20
	10%-12%	Upto 2 years	81	822.40	228	2,395.73
	10%-12%	2 to 4 years		-	1	6.70
	12%-15%	Upto 2 years	9	73.30	1	6.82
	12%-15%	2 to 4 years		-	45	304.53
Quarterly repayment schedule	8%-10%	Upto 2 years	7	262.50		-
	10%-12%	2 to 4 years		-	8	66.66
At the end of tenure / On demand	8%-10%	Upto 2 years	3	1,000.00		-
Total				**13,947.55**		**4,102.37**

Maturity pattern of borrowings (other than debt securities) - [Term loan from Financial Institutions]

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2022		As at 31 March 2021	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	88	1,102.83	25	250.00
	8%-10%	2 to 4 years	19	380.49		-
	10%-12%	Upto 2 years	52	310.20	160	475.24
	10%-12%	2 to 4 years	2	18.70	63	250.00
Quarterly repayment schedule	8%-10%	Upto 2 years	7	233.30		-
	8%-10%	2 to 4 years	4	133.34		-
	8%-10%	4 to 6 years		-	20	1,200.00
	12%-15%	2 to 4 years		-	5	62.50
Half yearly repayment schedule	8%-10%	Upto 2 years	8	650.50	3	187.50
	8%-10%	2 to 4 years	8	252.00		-
	8%-10%	4 to 6 years	4	24.00		-
	10%-12%	Upto 2 years	3	85.50		-
	10%-12%	2 to 4 years	3	27.00	8	247.50
Yearly repayment schedule	8%-10%	Upto 2 years	2	550.00		-
Total				**3,767.86**		**2,672.74**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

18 Borrowings (other than debt securities) (at amortised cost) (Contd..)

Maturity pattern of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period	As at 31 March 2022		As at 31 March 2021	
			No. of instalments	Amount	No. of instalments	Amount
At the end of tenure / On demand	12%-15%	Upto 2 years	1	150.00		-
	12%-15%	More than 6 years		-	1	150.00
	above 15%	Upto 2 years	2	100.00		-
	above 15%	2 to 4 years	2	150.00		-
	above 15%	4 to 6 years		-	1	50.00
	above 15%	More than 6 years		-	2	200.00
Total				**400.00**		**400.00**

All the above mentioned repayments are disclosed as per the contractual maturities of debt securities, borrowings other than debt securities and subordinate liabilities at gross carrying value.

19 Subordinated liabilities (at amortised cost)

Particulars	As at 31 March 2022	As at 31 March 2021
Non-convertible debentures	199.56	198.89
Term loans	199.60	199.47
Total	**399.16**	**398.36**
Subordinated debts in India	399.16	398.36
Subordinated debts outside India	-	-
Total	**399.16**	**398.36**

20 Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	106.22	156.14
Payable to employees	13.45	5.28
Payables towards assignment transactions	501.89	320.13
Total	**621.56**	**481.55**

21 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
For employee benefits		
Gratuity (Refer note 38)	38.59	26.43
Compensated absences (Refer note 38)	34.58	30.38
Incentives	36.00	37.94
Statutory bonus	31.04	34.97

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

21 Provisions (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
ESOP & CIP *	5.88	3.55
Others		
Other losses	0.58	0.68
Total	**146.67**	**133.95**

* ESOP provisions amounting to ₹ 5.51 millions as at 31 March 2022 is payable to Navi Technologies Limited towards ESOPs issued to the employees of Chaitanya India Fin Credit Private Limited.

21.1 Movement of Employee Stock Option Plan

Particulars	No. of options 31 March 2022
Options outstanding at the beginning of the year	1,83,270
Granted during the year	2,07,619
Lapsed during the year	(30,836)
Options outstanding at the end of the year	**3,60,053**

22 Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	20.80	22.81
Deferred income	36.49	21.15
Others	0.03	0.37
Total	**57.32**	**44.33**

23 EQUITY SHARE CAPITAL

Particulars	As at 31 March 2022	As at 31 March 2021
AUTHORISED SHARE CAPITAL		
103,500,000 equity shares of ₹ 10 each (31 March 2021: 103,500,000 equity shares of ₹ 10 each)	1,035.00	1,035.00
18,000,000 preference shares of ₹ 10 each (31 March 2021: 18,000,000 preference shares of ₹ 10 each)	180.00	180.00
Total authorised capital	**1,215.00**	**1,215.00**
EQUITY SHARE CAPITAL		
Issued, subscribed and fully paid up share capital		
Equity shares		
103,500,000 equity shares of ₹ 10 each fully paid-up (31 March 2021: 103,500,000 equity shares of ₹ 10 each)	1,035.00	1,035.00
Total equity share capital	**1,035.00**	**1,035.00**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

23 EQUITY SHARE CAPITAL (Contd..)

a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the period

Particulars	Number of shares	Amount
As at 31 March 2021	**10,35,00,000**	**1,035.00**
Issued during the year	-	-
As at 31 March 2022	**10,35,00,000**	**1,035.00**

b. Terms/ rights attached to equity shares

The Company has only one class of equity shares having face value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Any dividend, if proposed by the Board of Directors, is subject to the approval of shareholders. Dividend declared and paid would be in Indian rupees. Dividends are subject to corporate dividend tax. In the event of liquidation of the Company, the holders of equity share will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of shares issued for consideration other than cash during the last five years

The Company has not issued shares for consideration other than cash during the last five years.

d. Details of shareholders holding more than 5% equity shares in the Company (Equity shares of ₹ 10 each)

Details of shareholding	As at 31 March 2022		As at 31 March 2021	
Name of the shareholder	**Number of shares**	**% holding**	**Number of shares**	**% holding**
Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	10,35,00,000	100.00%	10,35,00,000	100.00%
Total	**10,35,00,000**		**10,35,00,000**	

e. The information required to be disclosed that enables user of its financial statements to evaluate the its objectives, policies and process for managing capital is disclosed in note 43.

24 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening balance	80.73	35.01
Add: Transfer from retained earnings	100.69	45.72
Closing balance	**181.42**	**80.73**
Securities premium account		
Opening balance	2,139.95	1,312.73
Add : Securities premium credited on share issue	-	855.00
Less: Premium utilised	-	(27.78)
Closing balance	**2,139.95**	**2,139.95**
Equity component of compound financial instruments	-	-
Debenture redemption reserve		
Opening balance	10.00	-
Add: Transfer from retained earnings	-	10.00
Closing balance	**10.00**	**10.00**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

24 Other equity (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
Contribution to employee stock option scheme		
Opening balance	16.80	7.39
Add: Employee stock option compensation for the period	-	9.41
Less: Balance transferred to retained earnings	(16.80)	-
Closing balance	**-**	**16.80**
Other comprehensive income		
Opening balance	19.20	(3.16)
Add: Transfer from Statement of Profit and Loss on account of :		
-Actuarial loss on retirement benefits	(1.73)	1.76
-Fair valuation of loans	(23.80)	28.12
Deferred tax on the above	6.43	(7.52)
Closing balance	**0.10**	**19.20**
Retained earnings		
Opening balance	180.66	30.13
Add : Net profit/(net loss) for the current year	503.42	228.61
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(100.69)	(45.72)
Transfer to Debenture redemption reserve	-	(10.00)
Other comprehensive income	25.54	(29.88)
Deferred tax on the above	(6.43)	7.52
Transfer of outstanding balance in ESOP reserve	16.80	-
Total appropriations	**(64.78)**	**(78.08)**
Retained earnings	**619.30**	**180.66**
Total Other equity	**2,950.77**	**2,447.34**

Nature and purpose of reserves

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Debenture redemption reserve (DRR): The Company has created DRR of ₹ 10 millions during the previous year ended March 31, 2021. The Company subsequent to the year end has deposited a sum of ₹ 10 millions in the form of fixed deposits with scheduled banks, representing 2% of the debenture issued to State Bank of India under TLTRO Scheme. This reserve will be transferred to retained earnings on redemption of the above mentioned non convertible debentures.

Contribution to employee stock option scheme: The reserve is used to recognise the fair value of the options issued to employees of the Company by its Holding Company under the Holding Company's employee stock option plan.

Equity component of compound financial instruments: Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

Other comprehensive income: Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses and remeasurement of unsecured JLG loans measured under FVTOCI.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

25 Interest income

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	On financial assets measured at FVTPL	For the year ended 31 March 2022
Interest income on loans	2,885.10	240.85	-	3,125.95
Interest income on deposits	12.03	-	-	12.03
Interest income on Investments	8.84	-	54.45	63.29
Total	**2,905.97**	**240.85**	**54.45**	**3,201.27**

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	On financial assets measured at FVTPL	For the year ended 31 March 2021
Interest income on loans	1,903.82	163.04	-	2,066.86
Interest income on deposits	12.27	-	-	12.27
Interest income on Investments	9.68	-	10.50	20.18
Total	**1,925.77**	**163.04**	**10.50**	**2,099.31**

26 Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Income from business correspondent operations	-	20.79
Other commission	19.32	12.89
Total	**19.32**	**33.68**

27 Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Net gain on financial instruments at fair value through profit or loss		
- Investments		
Gain on sale of mutual funds	16.35	22.73
Gain on fair valuation of investment in mutual funds	1.43	(0.16)
Gain on fair valuation of Other Investments	(0.21)	0.08
Total	**17.57**	**22.65**
Fair value changes:		
- Realised	16.35	22.73
- Unrealised	1.22	(0.08)
Total	**17.57**	**22.65**

28 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain on sale of loan portfolio through assignment	361.40	180.93
Total	**361.40**	**180.93**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

29 Other operating income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Bad debt recovered	12.34	0.52
Total	**12.34**	**0.52**

30 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit on sale of property, plant and equipment (net)	0.08	0.66
Miscellaneous income	0.65	0.18
Total	**0.73**	**0.84**

31 Finance costs (On financial liabilities measured at amortised cost)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest on debt securities		
- Debentures	307.47	217.41
- Compulsory convertible debenture	-	1.43
Interest on borrowings (other than debt securities)	920.15	438.56
Interest on subordinated liabilities	63.42	63.18
Interest on inter corporate loans	0.35	0.66
Interest on income tax	4.98	9.20
NCD expenses	3.34	25.84
Other costs	11.70	10.58
Total	**1,311.41**	**766.86**

32 Impairment of financial assets

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	For the year ended 31 March 2022
Portfolio loans written off	400.87	-	400.87
Impairment allowance/(reversal) on portfolio loans	(190.02)	(0.62)	(190.64)
Impairment loss allowance on other receivable	20.63	-	20.63
Impairment reversal on investments	(0.01)	-	(0.01)
Total	**231.47**	**(0.62)**	**230.85**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

32 Impairment of financial assets (Contd..)

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	For the year ended 31 March 2021
Portfolio loans written off	69.47	-	69.47
Impairment allowance/(reversal) on portfolio loans	410.44	35.84	446.28
Impairment loss allowance on other receivable	7.62	-	7.62
Impairment reversal on investments	0.01	-	0.01
Total	**487.54**	**35.84**	**523.38**

33 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, other allowance and bonus	779.23	498.94
Contribution to provident and other funds*	60.54	34.86
Share based payment to employees	10.47	12.96
Compensated absences *	9.76	8.28
Gratuity expenses *	13.68	9.29
Staff welfare expenses	28.50	17.84
Total	**902.18**	**582.17**

* (For detailed information refer note 38)

34 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
- On Property, plant and equipment	22.34	12.06
- On Intangible assets	4.81	0.79
- On Right of use assets	0.83	1.87
Total	**27.98**	**14.72**

35 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent	47.79	30.72
Electricity charges	6.18	4.00
Rates and taxes	1.92	4.67
Repairs and maintenance	13.06	3.60
Communication costs	17.31	12.92
Printing and stationery	19.08	7.82
Meeting and training expenses	12.01	2.57
Membership fee and subscription	5.07	2.69
Directors' sitting fees	5.78	3.07

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

35 Other expenses (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Auditor's fees and expenses*	3.22	1.73
Legal and professional charges	96.56	27.91
Travelling and conveyance	163.11	66.84
Other administrative expenses	22.27	11.04
Advertisement and publicity	0.25	0.42
Insurance	2.86	1.98
Bank Charges	11.85	13.60
Software Expenses	5.98	3.19
Corporate Social Responsibility expense * (refer note 47)	2.81	0.42
Total	**437.11**	**199.19**

***Auditor's fees and expenses comprises of:**

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor:		
- Audit fees (including fees for limited review)	1.91	1.36
- Tax audit fees	0.27	0.22
- Special Purpose audit	0.33	-
- Out of pocket expenses	0.04	0.10
- Out of pocket expenses to previous auditor	0.02	-
In any other manner:		
- Certification	0.65	0.05

Note: Amount disclosed above are inclusive of GST expensed out.

36 Tax expense

The components of income tax expense for the year ended 31 March 2022 and 31 March 2021 are:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	96.17	126.15
Adjustment in respect of current income tax of prior years	9.40	(6.50)
Deferred tax relating to origination and reversal of temporary differences	75.01	(74.29)
Tax expense reported in the Statement of Profit and Loss	**180.58**	**45.36**

Reconciliation of the total tax charge:

The major components of tax expense and its reconciliation to expected tax expense based on the enacted tax rate applicable to the Company is 25.17% and the reported tax expense in statement of profit and loss are as follows:

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

36 Tax expense (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Accounting profit before tax	703.10	251.61
Income tax rate	25.17%	25.17%
Expected tax expense	176.96	63.33
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Adjustment for tax pertaning to the prior years	9.40	(6.50)
Tax impact of expenses which is non deductible	1.96	1.14
Tax impact on deductions allowed under income tax	(21.19)	(11.88)
Others	13.45	(0.73)
Income tax expense reported in the statement of profit and loss	**180.58**	**45.36**

37 Earnings per share

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit for the year for basic EPS	**522.52**	**206.26**
Dilutive impact of compulsorily convertible debentures	-	-
Net profit for the year for diluted EPS	522.52	206.26
Nominal value of equity share (in ₹)	10.00	10.00
Weighted-average number of equity shares for basis earnings per share	**10,35,00,000.00**	**10,02,98,630.14**
Effect of dilution:		
Compulsory convertible debentures	-	-
Weighted-average number of equity shares used to compute diluted earnings per share	**10,35,00,000.00**	**10,02,98,630.14**
Basic earnings per equity share (in ₹)	5.05	2.06
Diluted earnings per equity share (in ₹)	5.05	2.06

38 Retirement benefit plan

Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 54.84 miliions for the year ended 31 March 2022 (31 March 2021: ₹ 32.94 millions) for Provident Fund contributions and ₹ 5.18 millions for the year ended 31 March 2022 (31 March 2021: ₹ 1.36 miliions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Employee benefit obligations

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	38.59	26.43
Compensated absences	34.58	30.38

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Expense recognised in Statement of profit and loss is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	13.68	9.29
Compensated absences	9.76	8.28

Expense recognised through OCI is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	2.00	(5.21)
Compensated absences	(0.27)	3.44

Disclosure for gratuity

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	11.84	7.72
Interest expense	1.65	1.58
Transfer out		
Actuarial loss/(gain) recognised during the year	2.00	(5.21)
Total(A+B)	**15.49**	**4.09**

Movement in the present value of defined benefit obligation recognised in the balance sheet	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation at the beginning of the year	26.43	24.83
Current service cost	11.84	7.72
Interest cost	1.65	1.58
Past service cost	-	-
Benefits paid	(3.34)	(2.49)
Actuarial (gain)/ loss	2.00	(5.21)
Defined benefit obligation at the end of the year	**38.58**	**26.43**
Movement in the plan assets recognised in the balance sheet		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	3.34	2.49
Benefits Paid	(3.34)	(2.49)
Benefits Paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	**-**	**-**

* The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of funded obligation as at the end of the year	38.59	26.43
Fair value of plan assets as at the end of the year		
(Unfunded)/funded net liability recognized in balance sheet	**38.59**	**26.43**

Actuarial (gain)/loss recognised in other comprehensive income:

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(1.02)	(0.78)
Actuarial loss from experience adjustment	3.02	(4.43)
Total actuarial (gain)/loss	**2.00**	**(5.21)**

Principal assumptions used in determining gratuity liability are shown below:	As at 31 March 2022	As at 31 March 2021
Expected return on plan assets	-	-
Rate of discounting	7.08%	6.68%
Expected rate of salary increase	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age (years)	60.00	60.00

Sensitivity analysis for gratuity liability	As at 31 March 2022	As at 31 March 2021
Impact on defined benefit obligation		
Discount rate +100 basis points	(2.56)	(1.80)
Discount rate -100 basis points	2.96	2.09
Salary growth+ 100 basis points	2.54	1.84
Salary growth- 100 basis points	(2.27)	(1.61)
Attrition rate + 100 basis points	(0.41)	(0.36)
Attrition rate - 100 basis points	0.42	0.38

Expected future payouts (discounted)	As at 31 March 2022	As at 31 March 2021
Year I	4.02	2.54
Year II	3.12	1.97
Year III	2.35	1.54
Year IV	1.78	1.16
Year V	1.37	0.88
Year 6-10	4.36	2.91
Above 10 years	21.59	15.42

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Disclosure for Leave Encashment

Amount recognised in the statement of profit and loss

Description	As at 31 March 2022	As at 31 March 2021
Current service cost	7.80	6.89
Interest cost (net)	1.96	1.39
Transfer out		
Actuarial loss/(gain) recognised during the year	(0.27)	3.44
Amount recognised in total comprehensive income	**9.50**	**11.72**

Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	As at 31 March 2022	As at 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	**30.38**	**22.96**
Current service cost	7.80	6.89
Interest cost	1.96	1.39
Benefits paid	(5.30)	(4.30)
Transfer out		
Actuarial (gain)/loss	(0.27)	3.44
Present value of defined benefit obligation as at the end of the year	**34.58**	**30.38**

Movement in the plan assets recognised in the balance sheet

Description	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year		
Expected return on plan assets		
Contributions by employer	5.30	4.30
Benefits paid	(5.30)	(4.30)
Actuarial gain/(loss)		
Fair value of plan assets at the end of the year	**-**	**-**

Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	34.58	30.38
Fair value of plan assets as at the end of the year		
(Unfunded)/funded net liability recognized in balance sheet	**(34.58)**	**(30.38)**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

Actuarial (gain)/loss recognised in other comprehensive income:

Description	As at 31 March 2022	As at 31 March 2021
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(0.77)	(0.79)
Actuarial loss from experience adjustment	0.51	4.23
Total actuarial (gain)/loss	**(0.26)**	**3.44**

Actuarial assumptions used for determination of the liability of the Company:

Description	As at 31 March 2022	As at 31 March 2021
Discount rate	7.08%	6.68%
Rate of increase in compensation levels	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age	60	60

Sensitivity analysis for Leave Encashment liability	As at 31 March 2022	As at 31 March 2021
Impact on defined benefit obligation		
Discount rate +100 basis points	(1.76)	(1.82)
Discount rate -100 basis points	2.03	2.11
Salary growth+ 100 basis points	1.73	1.84
Salary growth- 100 basis points	(1.51)	(1.60)
Attrition rate + 100 basis points	(0.04)	(0.12)
Attrition rate - 100 basis points	0.04	0.12

Expected future payouts (discounted)	As at 31 March 2022	As at 31 March 2021
Year I	7.01	5.80
Year II	5.40	4.47
Year III	4.13	3.48
Year IV	3.15	2.68
Year V	2.39	2.04
Year 6-10	6.05	5.75
Above 10 years	6.45	6.15

Plan characteristics and associated risks

1. Salary inflation risk

   Higher than expected increases in salary will increase the defined benefit obligation

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

38 Retirement benefit plan (Contd..)

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that benefits will cost more than expected. This can be due to one of the following reasons:

a) Adverse salary growth

b) Variability in mortality rates

c) Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation. And the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

39 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	1,964.67	-	1,964.67	637.99	-	637.99
Bank balance other than cash and cash equivalents	121.28	112.82	234.10	33.81	137.39	171.20
Other receivables	1.63	-	1.63	0.48	-	0.48
Loans *	13,944.27	8,155.39	22,099.66	7,343.83	3,975.59	11,319.42
Investments	278.86	-	278.86	1,809.00	-	1,809.00
Other financial assets	313.92	48.08	362.00	152.63	25.54	178.17

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

39 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (net)	6.36	-	6.36	-	-	-
Deferred tax assets (net)	-	87.74	87.74	-	156.33	156.33
Property, plant and equipment	2.29	67.04	69.33	-	28.85	28.85
Intangible Assets under Development	-	-	-			
Right of use asset	0.20	0.30	0.50	-	1.33	1.33
Other intangible assets	-	14.00	14.00	-	8.58	8.58
Other non-financial assets	33.26	2.60	35.86	8.30	5.81	14.11
Total assets	**16,666.75**	**8,487.97**	**25,154.71**	**9,986.04**	**4,339.42**	**14,325.46**
Liabilities						
Financial liabilities						
Trade payables	49.22	-	49.22	23.73	-	23.73
Other payables	-	-	-	5.38	-	5.38
Borrowings	11,070.48	9,223.02	20,293.50	4,377.10	5,738.81	10,115.91
Other financial liabilities	621.56	-	621.56	476.54	5.01	481.55
Lease liabilities	0.26	0.41	0.67	0.85	0.67	1.52
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	36.75	-	36.75
Provisions	86.26	60.41	146.67	74.47	59.48	133.95
Other non-financial liabilities	51.10	6.22	57.32	40.66	3.67	44.33
Total liabilities	**11,878.88**	**9,290.06**	**21,168.94**	**5,035.48**	**5,807.64**	**10,843.12**

40 Contingent liabilities, commitments

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
In respect of Income tax demands where the Company has filed an appeal with relevant authority	13.43	13.07
Total	**13.43**	**13.07**

Future cash outflows in respect of (a) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Estimated amount of contracts remaining to be executed on capital account, net of advances	1.13	Nil

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

40 Contingent liabilities, commitments (Contd..)

(C) Revenue from contracts with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of service		
Income from business correspondent operations	-	20.79
Total	**-**	**20.79**
Geographical markets		
India	-	20.79
Outside India	-	-
Total	**-**	**20.79**
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	20.79
Total	**-**	**20.79**

Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Other receivables	1.63	0.48
Trade payable	49.22	23.73
Total (payable)/receivable	**(47.59)**	**(23.25)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the period ended 31 March 2022 an amount of Nil (31 March 2021: Nil) was recognised as provision for expected credit losses on other receivable as the balance constitute balances from the Holding Company.

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue as per contract	-	20.79
Adjustments	-	-
Revenue from contract with customers	**-**	**20.79**

Revenue recognition for contract with customers - Income from business correspondent operations

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from both the performance obligations being sourcing of loans and servicing of loans shall be recognised over a period of time, as the customer benefits from these services and when it is delivered/performed by the Company.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

41 Lease disclosures

Carrying value of lease liability at the end of the reporting period by class.

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	1.52	2.53
Addition to lease liabilities during the year	-	0.97
Interest expense on lease liabilities	0.09	0.23
Cash outflow for leases	(0.94)	(2.21)
Closing lease liabilities	**0.67**	**1.52**

Amounts recognised in Statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	0.83	1.87
Interest on lease liabilities	0.09	0.23
Total	**0.92**	**2.10**

Amounts recognised in the Statement of cash flows

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest paid on lease liabilities	0.09	0.23
Payment towards lease liabilities	(0.94)	(2.21)
Total	**(0.85)**	**(1.98)**

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	0.26	0.24
After one year but not more than five years	0.41	1.28
More than five years		-
Total	**0.67**	**1.52**

Particulars	As at 31 March 2022	As at 31 March 2021
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	3	7
Range of remaining term	5 month to 20 months	5 month to 32 months
Average remaining lease term	11.45 months	15.14 months
Future cash flows to which lessee is potentially exposed to		
Variable lease payments	-	-
Extension and termination options	-	-
Residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	**-**	**-**
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures

A. List of related parties and disclosures

1. Enterprises exercising control

Holding Company : Navi Finserv Limited (Formerly known as Navi Finserv Private Limited)

2. Enterprises over which key management personnel and relatives of such personnel exercise significant influence with whom transactions have been undertaken:

Navi General Insurance Limited (Formerly known as COCO General Insurance Limited)

Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)

Navi AMC Limited

Ather Energy Private Limited

Flipkart Online Services Private Limited

3. Key managerial personnel and their relatives:

Name of key managerial personnel	Designation
Mr. Sachin Bansal	Managing Director and CEO (appointed w.e.f. October 19, 2021)
Mr. Ankit Agarwal	Director and Deputy CEO (appointed w.e.f. March 6, 2020)
Mr. Samit S Shetty	Nominee Director (appointed w.e.f. March 6, 2020)
Mr. Anand Rao	Joint Managing Director (re-appointed w.e.f. March 6, 2020)
Mr. Srinivasan C V	Chief Financial Officer (resigned w.e.f. September 30, 2021)
Mr. Abhik Sarkar	Chief Financial Officer (appointed w.e.f. October 01, 2021)
Mr. Anup Kumar Gupta	Company Secretary (appointed w.e.f. February 5, 2021)

Name of Directors	Designation
Mr. R.Sridharan	Independent Director (appointed w.e.f. August 18, 2020)
Ms. Usha A Narayanan	Independent Director (appointed w.e.f. July 6, 2020)

B. Details of transactions with related parties carried out in the ordinary course of business:

Name of related party	Nature of transaction	For the year ended 31 March 2022	For the year ended 31 March 2021
Mr. Anand Rao	Remuneration and incentives	13.11	7.85
	Provident fund, ESOP and others	0.30	0.02
Mr. Samit S Shetty	Remuneration and incentives	-	1.80
	Provident fund, ESOP and others	-	0.01
	Sitting fees	0.70	-
Mr. K S Ravi	Sitting fees	-	0.54
Mr. R Nandakumar	Sitting fees	-	0.51
Mr. R.Sridharan	Sitting fees	2.50	1.00
Ms. Usha A Narayanan	Sitting fees	2.10	0.78
Mr. Srinivasan C V	Remuneration and incentives	2.43	3.47
	Provident fund, ESOP and others	0.08	0.18
	Employee Stock Options exercised	-	1.85

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures (Contd..)

Name of related party	Nature of transaction	For the year ended 31 March 2022	For the year ended 31 March 2021
Mr. Abhik Sarkar	Remuneration and incentives	2.03	-
	Provident fund, ESOP and others	0.21	-
Mr. Anup Kumar Guptha	Remuneration and incentives	2.12	0.63
	Provident fund, ESOP and others	0.28	0.05
Ms. Dimple J Shah	Remuneration and incentives	-	0.23
	Provident fund, ESOP and others	-	0.03
Mr. Sachin Bansal	Remuneration and incentives	0.00	-
Navi General Insurance Limited	Medical insurance premium	0.36	3.78
	Refund of deposit amount after adjusting insurance premium	(0.19)	-
Navi Technologies Limited	Reimbursement of expenditure incurred from related party	3.40	7.77
	Others	-	0.48
Navi AMC Limited	Purchase of Mutual Funds	300.00	-
	Redemption of Mutual Funds	(250.00)	-
	(Gain)/Loss on Redemption of Mutual Funds	(2.34)	-
Navi Finserv Limited	Face value of equity shares allotted*	-	285.00
	Securities premium received*	-	855.00
	Receipt for assignment transaction	2,049.33	1,883.64
	Payment towards purchase of portfolio	(2,333.10)	(77.03)
	Service fee income (excluding GST)	0.61	21.32
	Interest Paid for Non Convertible Debenture	-	16.34
	Interest on compulsorily convertible debentures	-	14.09
	Inter Corporate loan received	550.00	100.00
	Inter Corporate loan paid	(550.00)	(100.00)
	Interest on Inter Corporate loan	(0.35)	0.66
	Purchase of Non Convertible Debentures	-	150.48
	Payment towards Portfolio Collection	(40.05)	-
	Receipt towards Portfolio Collection	2.57	-

C. Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Navi Finserv Limited	Outstanding (payable) - DA Assignment	(183.36)	(246.15)
Navi Finserv Limited	Outstanding receivable- CRIDS buyout portfolio	1.63	-
Navi General Insurance Limited	Outstanding receivable	-	0.29
Navi Technologies Limited	Outstanding (payable)	-	(0.97)
Navi Technologies Limited	ESOP Payable	(5.51)	(2.56)
Navi Technologies Limited	Outstanding receivable	-	0.48

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

42 Related party disclosures (Contd..)

d. Investments with related parties in ordinary course of business:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Navi AMC Limited	Outstanding balances of Investments in Mutual funds	53.59	-

43 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Company.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company ensures to maintain a healthy CRAR at all the times.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years.

Regulatory capital	As at 31 March 2022	As at 31 March 2021
Tier 1 capital	3,577.25	3,263.93
Tier 2 capital	341.81	256.78
Total capital funds	**3,919.06**	**3,520.71**
Risk weighted assets	**22,544.70**	**13,342.54**
Common Equity Tier 1 capital ratio	15.87%	24.46%
Common Equity Tier 2 capital ratio	1.52%	1.92%
Total capital ratio	**17.38%**	**26.39%**

Regulatory capital consists of Tier 1 capital, which comprises share capital, share premium, retained earnings including the respective year's profit less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India. The other component of regulatory capital is Tier 2 Capital, which includes subordinated debt.

The Company is meeting the capital adequacy requirements of the Reserve Bank of India (RBI) of India.

44 Fair value measurement

44.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value through P&L			
Investments	Note - 8	278.86	1,809.00
Financial assets measured at fair value through OCI			
Loans	Note - 7	1,209.43	2,054.72

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at amortised cost			-
Cash and cash equivalents	Note - 4	1,964.67	637.99
Bank balance other than cash and cash equivalents	Note - 5	234.10	171.20
Other receivables	Note - 6	1.63	0.48
Loans	Note - 7	20,890.23	9,264.70
Other financial assets	Note - 9	362.00	178.17
Total		**24,940.92**	**14,116.26**

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial liabilities measured at amortised cost			
Trade payables	Note - 15	49.22	23.73
Other payables	Note - 16	-	5.38
Debt securities	Note - 17	2,281.08	2,965.86
Borrowings (other than debt securities)	Note - 18	17,613.26	6,751.69
Subordinated liabilities	Note - 19	399.16	398.36
Lease liabilities		0.67	1.52
Other financial liabilities	Note - 20	621.56	481.55
Total		**20,964.95**	**10,628.09**

44.2 Fair value hierarchy of assets and liabilities

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

44.3 Financial assets and liabilities measured at fair value - recurring fair value measurements

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

As at 31 March 2022	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	53.59	-	-	53.59
Investments in PTC	-	225.27	-	225.27
Investments in Debt securities	-	-	-	-
Financial assets measured at FVTOCI				
Loans	-	1,209.43	-	1,209.43

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

As at 31 March 2021	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in mutual funds	900.04	-	-	900.04
Investments in Debt securities	252.64	-	-	252.64
Financial assets measured at FVTOCI				
Loans	-	2,054.73	-	2,054.73

Valuation technique used to determine fair value

The fair value of investments in mutual fund units is based on the net asset value (NAV) as stated by the issuers of these mutual fund units in the published statements as at the Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

Fair values of Loans designated under FVTOCI have been measured under level 2 at fair value based on a discounted cash flow model of the contractual cash flows of solely payment of principal and interest.

44.4 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	1,964.67	1,964.67	637.99	637.99
Bank balance other than cash and cash equivalents	234.10	234.10	171.20	171.20
Other receivables	1.63	1.63	0.48	0.48
Loans (measured at amortised cost)	20,890.23	20,890.23	9,264.70	9,264.70
Investments at amortised cost	-	-	-	-
Other financial assets	362.00	362.00	178.17	178.17
Total financial assets	**23,452.63**	**23,452.63**	**10,252.54**	**10,252.54**
Financial liabilities:				
Trade payables	49.22	49.22	23.73	23.73
Other payables	-	-	5.38	5.38
Debt securities	2,281.08	2,281.08	2,965.86	2,965.86
Borrowings (other than debt securities)	17,613.26	17,613.26	6,751.69	6,751.69
Subordinated liabilities	399.16	399.16	398.36	398.36
Lease liabilities	0.67	0.67	1.52	1.52
Other financial liabilities	621.56	621.56	481.55	481.55
Total financial liabilities	**20,964.95**	**20,964.95**	**10,628.09**	**10,628.09**

Valuation technique used for financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments:

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables, other payables and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

45 Risk management

Risk is an integral part of the Company's business and sound risk management is critical for the success. As a financial services entity, the Company is exposed to risks that are specific to its lending activities and the environment within which it operates and primarily includes credit, liquidity, market, and operational risks. The Board of Directors of the Company are responsible for the overall risk management approach and for approving the risk management strategies and principles. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Field credit assessment, group guarantee (joint liability group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of cost of funds and pricing of disbursement
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments
Operational risk	Internal processes, policies, systems, and people	Assessment of risk controls	Maker-Checker matrix for each processes, system based checks, monitoring of exceptions, fraud risk analysis and process corrections, business continuity management
Systemic Risk	External events impacting the system as a whole (industry, or economy, or both), eg. Demonetisation, Novel Coronavirus 2019 (COVID-19)	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector	Preservation of adequate liquidity to meet near-term cash outflows and expense obligations, capital adequacy and borrowing capacity adequacy, diversification of portfolio across geographies and customer profiles, buffering of provisions to meet unexpected losses

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the organisation. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

45.1 Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's main income generating activity is lending to retail customers and therefore credit risk is principal risk associated with the business. For a micro finance institution this assumes more significance since the lending that is carried out is primarily unsecured.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

45.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of members for group formation e.g. (bogus members, defaulters, negative profiles, etc.)
- Adverse selection of groups for undertaking lending activity (negative villages, migrant occupations, negative communities, , etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, etc.)
- Undue Influence of Animator/Representative on group members (group leaders / political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.
- Group culture and meeting discipline (e.g. timely arrival to meetings, absence of members from meetings, attendance, presence of non-members, etc.)

45.1.2 Risk assessment and measurement

The Company has a robust risk assessment framework to address each of the identified risks. The following is the framework implemented in order to ensure completeness and robustness of the risk assessment.

- Selection of client base for group formation - Adequate due diligence is carried out for selection of women borrowers who are then brought together for JLG formation. (e.g. members with homogeneous income, only one member from a family, upper cap on annual household income, etc.)
- Adequate training and knowledge of JLG operations
- Credit assessment -credit bureau check
- Follow up and regular monitoring with the members
- Portfolio monitoring through a centralized Risk & Analytics team

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

The Company assesses and manages credit risk based on internal credit grading system. Internal credit grading is performed for each class of financial instruments with different characteristics. The Company assigns the following credit grading to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

(i) Low credit risk

(ii) Moderate credit risk

(iii) High credit risk

The company provides for expected credit loss based on the following:

Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and other financial assets	Life time expected credit loss
High credit risk	Loans	Life time expected credit loss

45.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and group discipline, and borrowers are accordingly categorized in low risk (eligible for next loan cycle) and high risk (not eligible for next loan cycle). However, due to retail nature of clients, poor financial literacy and cash-oriented culture, and lack of adequate credit history prevents the Company from obtaining credit bureau scores at regular intervals.

Loans are tracked at a homogeneous pool basis by the Risk Team. Any deterioration in the performance of the pool are immediately pointed out to the Senior Management and detailed analysis are carried out to identify the trends in performance.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated groups/borrowers; Early delinquency due to fraud
- Credit monitoring - Monitoring the performance of the overdue accounts on a conitious basis, any deterioration in immediately reported out to the Senior Management and detailed analysis are carried out to identify the trends in performance and actionables.
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

45.1.4 Risk mitigation

Risk mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - site screening, independent visit by manager, adequate training to officers.
- Loan underwriting - Risk grading, independent assessment, etc.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

- Loan pre and post disbursement - disbursement at the branch premises and in the bank account only, tracking to avoid misuse of funds,
- Loan monitoring - customer relation executive to attend group meeting, reminder of payment of EMIs on time, etc.
- Loan collection and recovery - monitor repayments, confirmation of balances etc.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual gradings and remuneration reviews.

45.1.5 Impairment assessment

The Company is basically engaged in the business of providing loans and access to credit to the Joint Liability Group (JLG) members. The tenure of which is ranging from 12 months to 24 months.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the summary of significant accounting policies Note 3.1.v. (Overview of the Expected Credit Loss)

Definition of default and cure

The Company considers a financial instrument as defaulted and therefore in Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the due amount has been repaid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit grades and staging criteria for loans are as follows:

Grading	Description	Stages
Performing		
Standard grade - on time	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 90	Stage II
Non-performing		
Sub-standard grade	DPD > 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end and risk classification is made accordingly.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

- In case of microfinance customers, if the customer or her spouse expires, the balance repayment has to come from the Life insurer (as per guidelines dictated by the RBI).
- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes: -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth rate, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as demonetization, Andhra Pradesh crisis, etc. and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner.

The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

ECL = PD*LGD*EAD

Each item is defined as follows: -

ECL - Expected Credit Loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of Default

The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

LGD - Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at Default

Cash flows that are at risk of default over a given time horizon. The Exposure at Default is an estimate of the exposure at a future default date.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Credit risk exposure

i) Expected credit losses for financial assets other than loans (refer note 7 for disclosure on credit risk exposure for loans)

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,964.67	-	1,964.67
Bank balance other than cash and cash equivalents	234.10	-	234.10
Trade receivables	1.63	-	1.63
Investments	278.86	-	278.86
Other financial assets	399.12	(37.12)	362.00

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	637.99	-	637.99
Bank balance other than cash and cash equivalents	171.20	-	171.20
Trade receivables	0.48	-	0.48
Investments	1,809.01	(0.01)	1,809.00
Other financial assets	194.77	(16.60)	178.17

45.2 Liquidity risk and funding management

In assessing the company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a portfolio of marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into securitisation deals (direct assignment as well as pass through certificates) of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short–term bank deposits and investments in mutual fund available for immediate sale, less issued debt securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

45.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyses the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows:

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,964.67	-	-	-	1,964.67
Bank balance other than cash and cash equivalents	121.28	22.00	90.82	-	234.10

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Trade Receivables	1.63	-	-	-	1.63
Loans	13,944.27	8,058.50	82.40	14.49	22,099.66
Investments	278.86	-	-	-	278.86
Other financial assets	313.92	42.92	2.55	2.61	362.00
Total undiscounted financial assets	**16,624.63**	**8,123.42**	**175.77**	**17.10**	**24,940.92**
Financial liabilities					
Trade payables	49.22	-	-	-	49.22
Other payables	-	-	-	-	-
Borrowings	11,070.48	9,127.50	95.52	-	20,293.50
Other financial liabilities	621.56	-	-	-	621.56
Lease liabilities	0.26	0.41	-	-	0.67
Total undiscounted financial liabilities	**11,741.52**	**9,127.91**	**95.52**	**-**	**20,964.95**
Net undiscounted financial assets/(liabilities)	**4,883.11**	**(1,004.49)**	**80.25**	**17.10**	**3,975.97**

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	637.99	-	-	-	637.99
Bank balance other than cash and cash equivalents	33.81	122.37	15.02	-	171.20
Trade Receivables	0.48	-	-	-	0.48
Loans	7,343.83	3,863.56	110.23	1.80	11,319.42
Investments	1,809.00	-	-	-	1,809.00
Other financial assets	152.63	25.54	-	-	178.17
Total undiscounted financial assets	**9,977.74**	**4,011.47**	**125.25**	**1.80**	**14,116.26**
Financial liabilities					
Trade payables	23.73	-	-	-	23.73
Other payables	5.38	-	-	-	5.38
Borrowings	4,377.10	5,008.78	730.03	-	10,115.91
Lease liabilities	0.85	0.67	-	-	1.52
Other financial liabilities	476.54	5.01	-	-	481.55
Total undiscounted financial liabilities	**4,883.60**	**5,014.46**	**730.03**	**-**	**10,628.09**
Net undiscounted financial assets/(liabilities)	**5,094.14**	**(1,002.99)**	**(604.78)**	**1.80**	**3,488.17**

45.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. Such changes in the values of financial instruments may result from changes in the interest rates and other market changes. The Company is exposed to the following market risk :

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Company. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

The Company is subject to interest rate risk, principally because lending to clients are at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. The Company assesses and manages the interest rate risk by managing the assets and liabilities. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately.

Management of interest margin

The spread or interest margin, otherwise known as "Gap", is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held as at the Balance Sheet date.

The Company has Board approved Interest rate policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings. With all other variables held constant, the profit before taxes affected through the impact on floating rate borrowings is as follows:

Particulars	Effect on Statement of Profit and Loss for year ended 31 March 2022	Effect on Statement of Profit and Loss for the year 2020-21
0.50% increase	76.02	39.28
0.50% decrease	(76.02)	(39.28)

Price risk

The Company's exposure to price risk arises from investments held and classified in the balance sheet at fair value through profit or loss. To manage the price risk arising from investments, the company diversifies its portfolio of assets.

The table below summarises the impact of increases/decreases of the index on the Company's equity and profit for the period :

Particulars	Effect on Statement of Profit and Loss for year ended 31 March 2022	VEffect on Statement of Profit and Loss for the year 2020-21
Net asset value - 1% increase	2.79	11.53
Net asset value - 1% decrease	(2.79)	(11.53)

Prepayment risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

45.4 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access management, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

46 Segment reporting

The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates primarily in India and there is no other geographical segment.

47 Details of CSR expenses

a. Corporate social responsibility (CSR) expenditure	For the Year ended 31 March 2022	For the year ended 31 March 2021
(i) Gross amount required to be spent by the Company during the period	2.81	0.42
(ii) Amount approved by the Board to be spent during the period	2.81	0.42
(iii Amount spent during the period/year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	2.81	0.42
(iv) (Shortfall) / Excess at the end of the period	-	-
(v) Total of previous years shortfall	-	-
(vi) Reason for shortfall:		
(vii) Details of related party transactions	-	-
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation,the movements in the provision during the period/year should be shown separately	-	-
- Contribution to PM Cares and State CMRF/AP Disaster Management Authority	-	-
- Health/Eradicating Hunger/Poverty and malnutrition/Safe Drinking water/ Sanitation/Promoting Education	2.81	0.42

48 Credit rating

Instruments	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	ICRA	A (-) Stable	A (-) Stable
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Non Convertible debentures	ICRA	A (-) Stable	A (-) Stable
Non Convertible debentures	India Ratings	A Stable	NA
Non Convertible debentures	CRISIL	A (-) Stable	A (-) Stable
Non Convertible debentures	CARE Ratings	CARE A (CE) Stable	NA
Principal protected market linked debentures	India Ratings	IND PP-MLD Aemr/ Stable	NA
Sub-Ordinated debt	ICRA	A (-) Stable	A (-) Stable
Commercial papers	India Ratings	A1	NA
Commercial papers	ICRA	A1	A1

49 Capital adequacy ratio

Particulars	As at 31 March 2022	As at 31 March 2021
i) CRAR (%)	17.38%	26.39%
ii) CRAR - Tier I Capital (%)	15.87%	24.46%
iii) CRAR - Tier II Capital (%)	1.52%	1.92%
iv) Amount of subordinated debt raised as Tier-II capital*	60.00	90.00

*** Note:**

Discounted value of ₹ 60 millions (31 March 2021: ₹ 90 millions) considered for Tier II capital against the book value of ₹ 400 millions (31 March 2021: ₹ 400 millions).

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

50 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
(1) Value of investments		
(i) Gross value of investments	278.86	1,809.01
(a) In India	278.86	1,809.01
(b) Outside India	-	-
(ii) Impairment provisions on investments		
(a) In India	-	(0.01)
(b) Outside India	-	-
(iii) Net value of investments	278.86	1,809.00
(a) In India	278.86	1,809.00
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	0.01	-
(ii) Add : Provisions made during the year	-	0.01
(iii) Less : Write-off/write-back of excess provisions during the year	(0.01)	-
(iv) Closing balance	0.00	0.01

51 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

Details of financial assets sold to securitisation

Particulars	As at 31 March 2022	As at 31 March 2021
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration (net of expenses) realized in respect of account transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

52 Disclosures relating to securitisation

52.1 The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
1	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	-	-
2	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	-	-
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet	-	-
	(a) Off-Balance Sheet exposures	-	-
	First loss		
	Others	-	-

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

52 Disclosures relating to securitisation (Contd..)

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	(b) On-Balance Sheet exposures		
	First loss (cash collateral)	-	-
	Others (MRR)	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss	-	-
	Others	-	-
	(ii) Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
	(b) On-Balance Sheet exposures		
	(i) Exposure to own securitisations		
	First loss		
	Others	-	-
	(ii) Exposure to third party securitisations	-	-
	First loss		
	Others	-	-

52.2 Details of assignment transactions undertaken by the Company

Particulars	As at 31 March 2022	As at 31 March 2021
i) No. of accounts	2,34,714	1,63,064
ii) Aggregate value (net of provisions) of accounts sold	4,796.18	2,657.68
iii) Aggregate consideration (net of expenses)	4,796.18	2,657.68
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain/loss over net book value	-	-

52.3 Details of non-performing financial assets purchased/sold

Particulars	As at 31 March 2022	As at 31 March 2021
i) No. of accounts *	-	258
ii) Total amount outstanding	-	19.00

* Purchased during FY 2020-21 from Navi Finserv Limited (Formerly known as Navi Finserv Private Limited).

Note: The Company has not sold non-performing financial assets during the year ended 31 March 2022 and 31 March 2021.

52.4 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction

The Company has not sold any financial assets to Securitisation/Reconstruction Company for asset reconstruction during the year ended 31 March 2022 and 31 March 2021.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

53 Asset liability management maturity pattern of certain items of assets and liabilities as at 31 March 2022

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	242.08	310.82	725.73	964.48	708.04	2,780.03	5,339.30	9,127.50	95.52	-	20,293.50
Loans *	350.64	298.80	624.31	1,201.20	1,254.82	3,718.37	6,496.13	8,058.50	82.40	14.49	22,099.66
Investments	53.59	-	32.31	31.08	32.12	99.83	29.93	-	-	-	278.86

Asset liability management maturity pattern of certain items of assets and liabilities as at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 month	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Borrowings	91.00	91.00	181.93	242.64	397.79	1,099.42	2,273.32	5,008.78	730.03	-	10,115.91
Loans *	172.28	172.27	413.40	651.83	704.58	2,007.36	3,222.12	3,863.55	110.23	1.80	11,319.42
Investments	1,000.97	-	124.84	102.98	254.37	258.23	67.61	-	-	-	1,809.00

Note:

(i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

(ii) *Amounts disclosed as per the behavioral pattern after incorporating anticipated moratorium to customers on account of COVID-19 pandemic as per RBI guidelines.

54 Exposure to real estate sector

Particulars	As at 31 March 2022	As at 31 March 2021
A. Direct exposure		
i) Residential mortgages	46.80	80.62
(Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented)		
ii) Commercial real estate:		
(Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

55 Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2022 and 31 March 2021.

56 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31 March 2022 and 31 March 2021.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

57 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company does not have single or group borrower lending exceeding the limits during the year ended 31 March 2022 and 31 March 2021.

58 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 22,518.20 millions (31 March 2021: ₹ 11,884.37 millions) disclosed in Note 7 are without any collateral or security.

59 Registration obtained from other financial sector regulators:-

The Company is registered with the following other financial sector regulators:

(a) Ministry of Corporate Affairs (MCA)

(b) Ministry of Finance (Financial Intelligence Unit)

(c) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

60 Related party transactions

Please refer to note no 39 for related party transactions and related disclosures.

61 Provisions and contingencies

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	22,115.80	213.87	21,901.92	219.33	(5.46)
	Stage 2	166.45	57.26	109.20	1.61	55.67
Subtotal		**22,282.25**	**271.13**	**22,011.12**	**220.94**	**50.21**
Non-Performing assets (NPA)						
Substandard	Stage 3	238.33	164.11	74.22	4.22	159.90
Doubtful - up to 1 year	Stage 3	42.34	29.24	13.10	1.86	27.38
1 to 3 years	Stage 3	5.21	4.65	0.55	1.09	3.56
More than 3 years	Stage 3	3.11	2.77	0.35	1.55	1.21
Subtotal for doubtful		**50.66**	**36.66**	**14.00**	**4.50**	**32.15**
Loss	Stage 3	4.72	4.40	0.32	4.72	(0.32)
Subtotal for NPA		**293.71**	**205.17**	**88.54**	**13.44**	**191.73**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	22,115.80	213.87	21,901.92	219.33	(5.46)
	Stage 2	166.45	57.26	109.20	1.61	55.67
	Stage 3	293.71	205.17	88.54	13.44	191.73
	Total	**22,575.96**	**476.30**	**22,099.66**	**234.38**	**241.94**

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

61 Provisions and contingencies (Contd..)

61.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in the Statement of Profit and Loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision towards NPA#	(178.98)	335.43
Provision for standard assets ##	(11.64)	110.84
Provision made towards income tax	96.17	119.65
Other Provision and contingencies (with details)		
i) Provision for gratuity*	13.68	9.29
ii) Provision for compensated absences*	9.76	8.28
iii) Provision for incentive	34.04	33.20
iv) Provision for statutory bonus	67.32	49.71
v) Provision for fraud	(0.10)	(1.08)
vi) Provision for other receivables	14.51	8.70

Provision for stage 3 assets

Provision for standard assets is included in provision towards impairment of financial instruments in Note 7 other than provision for stage 3 assets.

* Includes actuarial gain/(loss) classified under other comprehensive income.

62 Draw down from reserves

There has been no draw down from reserve during the year ended 31 March 2022 and 31 March 2021.

63 Concentration of deposits, advances, exposures and NPAs

63.1 Concentration of advances

Particulars	As at 31 March 2022	As at 31 March 2021
Total advances to twenty largest borrowers	7.58	7.41
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.03%	0.06%

63.2 Concentration of exposures

Particulars	As at 31 March 2022	As at 31 March 2021
Total exposure to twenty largest borrowers/customers	7.58	7.41
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC borrowers/customers	0.03%	0.05%

63.3 Concentration of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Total exposure to top four NPA accounts**	1.52	1.75

** NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

63 Concentration of deposits, advances, exposures and NPAs (Contd..)

63.4 Sector wise NPAs#

Sr. No.	Sector	As at 31 March 2022 Percentage of NPAs to total advances in that sector	As at 31 March 2021 Percentage of NPAs to total advances in that sector
1	Agriculture and allied activities	1.17%	4.20%
2	MSME	0.00%	0.00%
3	Corporate borrowers	0.00%	0.00%
4	Services	0.81%	4.97%
5	Unsecured personal loans	7.15%	5.30%
6	Auto loans	0.00%	0.00%
7	Others	1.19%	3.95%

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

64 Movement of NPAs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Net NPAs to net advances (%)	0.40%	0.93%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	491.40	69.19
(b) Additions during the year	315.87	560.68
(c) Reductions during the year	(513.57)	(138.48)
(d) Closing balance	**293.70**	**491.40**
(iii) Movement of Net NPAs		
(a) Opening balance	107.22	32.92
(b) Additions during the year	272.27	532.34
(c) Reductions during the year	(290.99)	(458.03)
(d) Closing balance	**88.51**	**107.23**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	384.18	36.27
(b) Provisions made during the year	43.60	28.35
(c) (Write-off)/write-back of excess provisions	(222.58)	319.55
(d) Closing balance	**205.19**	**384.18**

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired. Unamortized processing fees and unamortized transaction costs are not included in the portfolio.

65 Information on Net Interest Margin ('NIM')

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Average interest (a)	19.37%	21.52%
Average effective cost of borrowing (b)	10.23%	11.70%
Net interest margin (a-b)	9.14%	9.82%

Note:

The Company has calculated above average lending rate and effective cost of borrowing as per pricing of credit guidelines prescribed in master direction issued by the Reserve Bank of India no. DNBR.PD. 008/03.10119/2016-17.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

66 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Outstanding	Overdue	Outstanding	Overdue
Liabilities side:				
1 Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid				
(a) Debentures	2,305.22		2,751.51	-
: Secured	50.00		340.98	-
: Unsecured (other than falling within the meaning of Public deposits)				
(b) Deferred credits	-		-	-
(c) Term loans	17,645.35		6,781.10	-
(d) Inter-corporate loans and borrowing	-		-	-
(e) Commercial paper	-		-	-
(f) Public deposits	-		-	-
(g) Other loans:				
Other unsecured loans against assets of the Company	399.16		398.36	-
Secured loans against assets of the Company	-		-	-
Overdraft facility	-		-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of unsecured debentures	-		-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-		-	-
(c) Other public deposits	-		-	-

Assets side :	As at 31 March 2022 Outstanding	As at 31 March 2021 Outstanding
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :		
(a) Secured	57.77	101.98
(b) Unsecured	22,518.19	11,884.37

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

66 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Assets side :	As at 31 March 2022 Outstanding	As at 31 March 2021 Outstanding
4 Break-up of Leased Assets and stock on hire and other assets counting towards		
AFC activities		
(I) Lease assets including lease rentals under sundry debtors :	-	-
(a) Financial lease	-	-
(b) Operating lease	-	-
(II) Stock on hire including hire charges under sundry debtors :	-	-
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
(III) Other loans counting towards AFC activities	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
5 Break-up of Investments :		
Current Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	53.59	900.04
(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 :	-	-
(a) Certificate of deposit	-	-
(b) Commercial paper	-	-
Long Term Investments :		
1. Quoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)	-	-

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

66 Disclosure as required by Para 19 of Non-Banking Financial Company – systemically important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Assets side :	As at 31 March 2022 Outstanding	As at 31 March 2021 Outstanding
2. Unquoted :		
(I) Shares :		
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	252.64
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)*	225.27	656.31
Total	**225.27**	**908.95**

Note: * In Pass Through Certificates (PTC) representing securitisation of loan receivables

66.1 Borrower group-wise classification of assets financed:

Category	As at 31 March 2022				As at 31 March 2021			
	Secured	Unsecured	Provision	Total	Secured	Unsecured	Provision	Total
1. Related parties								
(a) Subsidiaries					-	-	-	-
(b) Companies in the same group					-	-	-	-
(c) Other related parties					-	-	-	-
2. Other than related parties	57.77	22,518.19	(476.31)	22,099.65	101.98	11,884.37	(666.93)	11,319.42
Total	**57.77**	**22,518.19**	**(476.31)**	**22,099.65**	**101.98**	**11,884.37**	**(666.93)**	**11,319.42**

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

Category	As at 31 March 2022		As at 31 March 2021	
	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV	Market value/ Breakup or fair value or NAV
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	53.59	53.59	-	-
2. Other than related parties	225.27	225.27	1,809.00	1,809.00
Total	**278.86**	**278.86**	**1,809.00**	**1,809.00**

66.3 Other information

Category	As at 31 March 2022	As at 31 March 2021
(i) Gross Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	293.70	491.40
(ii) Net Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	88.51	107.23

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

67 Public disclosure on Liquidity risk management

a) Funding concentration based on significant Counterparty (both deposits/ borrowings)

Number of significant counterparties	Amount (₹ in millions)	% of Total Deposit	% of Total Liabilities
27	18,844.20	-	89.02%

b) Top 20 large deposits (amount in ₹ lakhs and % of total deposits)

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

c) Top 10 borrowings (amount in ₹ lakhs and % of total borrowings)

Amount	% of Total Borrowings
12,046.46	59.36%

d) Funding concentration based on significant instrument / product

Name of the instrument/ product	Amount	% of Total Liabilities
Term loans from Banks	13,864.07	65.49%
Term Loans from Financial Institutions	3,749.19	17.71%
Non Convertible debentures	2,281.08	10.78%
Subordinated Liabilities	399.16	1.89%

e) Stock Ratios

(i) Commercial papers as a % of total public funds, total liabilities and total assets – nil.

(ii) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets: - Not Applicable

Non-Convertible Debentures as a % of Public Funds

Non-Convertible Debentures as a % of Total Outside Liabilities

Non-Convertible Debentures as a % of Total Assets

(iii) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

Other Non-Financial Liabilities as a % of Total Public Funds – Not Applicable

Other Non-Financial Liabilities as a % of Total Outside Liabilities – 0.27%

Other Non-Financial Liabilities as a % of Total Assets - 0.23%

f) Institutional set-up for liquidity risk management

Board of Directors: The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee: The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

67 Public disclosure on Liquidity risk management (Contd..)

Asset-Liability Management Committee (ALCO): The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC. The members of the ALCO are: -

1. Mr Anand Rao - Chairperson
2. Mr Ankit Agarwal - Member
3. Mr Abhik Sarkar - Member

g) The amount stated in this disclosure is based on the audited standalone financial statements for the year ended March 31, 2022.

68 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at 31 March 2022	As at 31 March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act,2006.	-	-
The amount of interest accrued and remains unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

69 Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad as on 31 March 2022 and 31 March 2021.

70 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company has not sponsored any off-balance sheet SPVs as at 31 March 2022 and 31 March 2021.

71 Customer complaints

Particulars	For the y ear ended 31 March 2022	For the year ended 31 March 2021
Number of complaints pending at the beginning of the year	2	07
Number of complaints received during the year	556	272
Number of complaints redressed during the year	551	277
Number of complaints pending at the end of the year	7	02

72 Information on instances of fraud

Instances of fraud reported for the year ended 31 March 2022:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	13	0.14	0.10	0.05
Fraud committed by other than staff - Theft	2	0.22	0.03	0.19

Notes forming part of the financial statements

as at 31 March 2022 (All amounts in ₹ millions unless otherwise stated)

72 Information on instances of fraud (Contd..)

Instances of fraud reported for the year ended 31 March 2021:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	47	0.64	0.60	0.05
Fraud committed by other than staff - Theft	1	0.00	-	0.00

73 Penalties

No penalties have been levied by any regulator on the Company during the year ended 31 March 2022 and 31 March 2021.

74 Relationship with struck-off Companies

There are no transactions with struck off companies during the year ended 31 March 2022 and 31 March 2021.

75 Previous year comparatives

Figures of the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

For and on behalf of the Board of Directors of
Chaitanya India Fin Credit Private Limited

As per our report of even date
For **VARMA & VARMA**

Chartered Accountants
Firm Registration No.: 004532S

Sachin Bansal
Managing Director and CEO
DIN: 02356346

Bengaluru
14.05.2022

Ankit Agarwal
Director and Deputy CEO
DIN : 08299808

Bengaluru
14.05.2022

Anand Rao
Joint Managing Director
DIN: 01713987

Bengaluru
14.05.2022

Georgy Mathew
Partner
Membership No. 209645

Bengaluru
14.05.2022

Abhik Sarkar
Chief Financial Officer

Bengaluru
14.05.2022

Anup Kumar Gupta
Company Secretary

Bengaluru
14.05.2022

NOTICE

Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED WILL BE HELD ON SEPTEMBER 15, 2022 AT 10.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT NO. 145, 2ND FLOOR, NR SQUARE, 1ST MAIN ROAD, SIRSI CIRCLE, CHAMRAJPET, BANGALURU - 560 018, KARNATAKA, INDIA TO TRANSACT THE FOLLOWING BUSINESS.

ORDINARY BUSINESS:

ITEM NO. 01

TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022 TOGETHER WITH REPORTS OF THE BOARD OF DIRECTORS AND OF THE STATUTORY AUDITOR THEREON

To consider and thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2022 including the Audited Balance Sheet as at March 31, 2022, Statement of Profit & Loss account, Cash flow Statement, Statement of Changes in Equity and Notes forming part of Financial Statements for the year ended March 31, 2022 and the Reports of the Board of Directors and Statutory Auditor of the Company thereon; along with all annexures as circulated to the Members be and are hereby received, considered and adopted."

ITEM NO. 02

TO APPOINT A DIRECTOR IN PLACE OF MR. ANKIT AGARWAL (DIN: 08299808) WHO RETIRES BY ROTATION AND, BEING ELIGIBLE, OFFERS HIMSELF FOR REAPPOINTMENT.

To consider and thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Ankit Agarwal (DIN: 08299808), who retires in terms of section 152 of the Companies Act, 2013 and being eligible offers himself for re-appointment as Director of the Company, be and is hereby appointed as the Director"

By Order of the Board
For **Chaitanya India Fin Credit Private Limited**

Anand Rao
Joint Managing Director
DIN: 01713987

Date: August 24, 2022
Place: Bengaluru

Notes:

1. Since only ordinary items are being transacted in the meeting, Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the special businesses are not required.

2. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint proxy/proxies to attend the meeting and vote on poll, if any, instead of himself/herself and such a proxy/ proxies need not be a member of the Company.

3. Proxies, in order to be effective, must be received in the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.

4. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

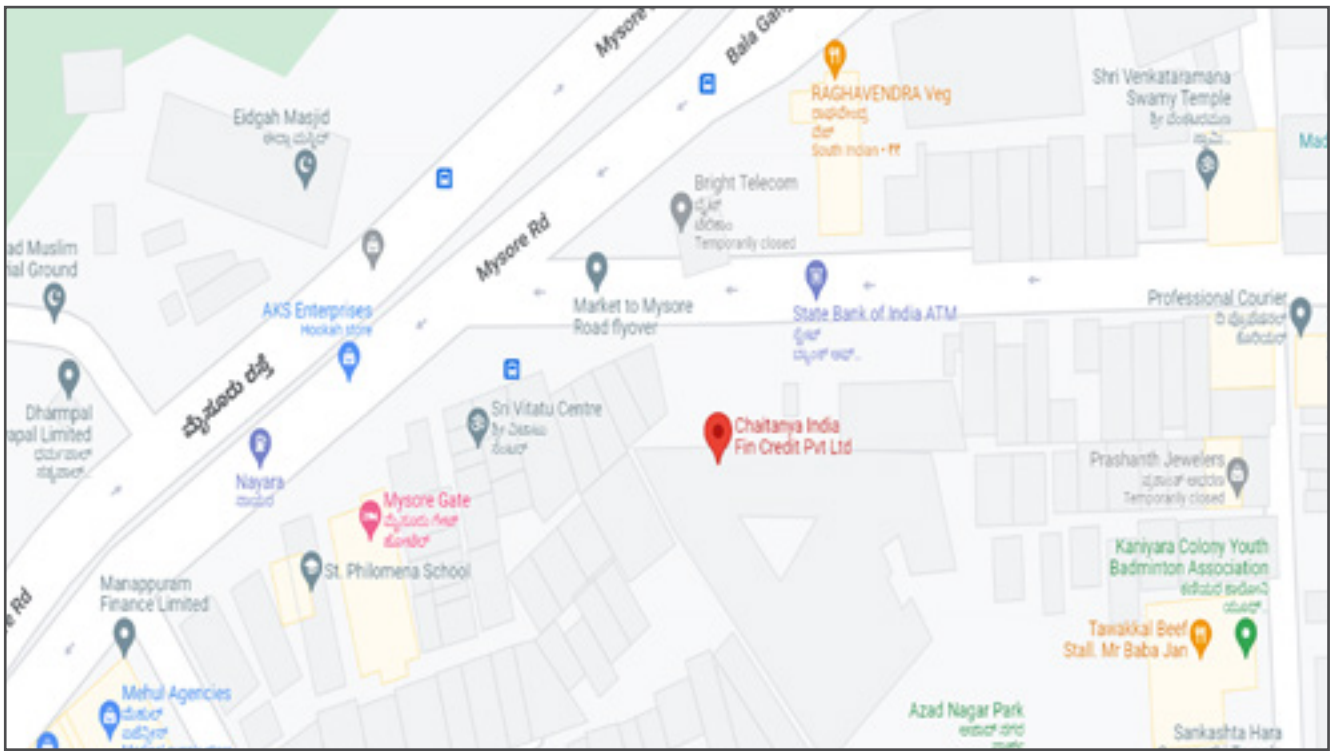
5. Members are requested to notify the company immediately regarding any change in their address.

6. Corporate members are requested to send duly certified copies of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting in terms of Section 113 of the Companies Act, 2013.

7. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company during normal business hours (09.30 a.m. to 5.30 p.m.) on all working days between Monday to Saturday (except 2nd, 3rd and 4th Saturday of the month) of every week, up to and including the date of the Annual General Meeting of the Company.

8. Members may also note that the Notice of the Thirteenth Annual General Meeting and Annual Report for the year ended March 31, 2022, will also be available on the Company website at https://www.chaitanyaindia.in/investor-relations

Route Map: http://www.chaitanyaindia.in/contact-us.php



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Chaitanya

Chaitanya India Fin Credit Private Limited

Registered Office Address

No.145, 2nd Floor, NR Square, 1st Main Road,
Sirsi Circle, Chamrajpet, Bangalore - 560018

CIN - U67190KA2009PTC049494

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