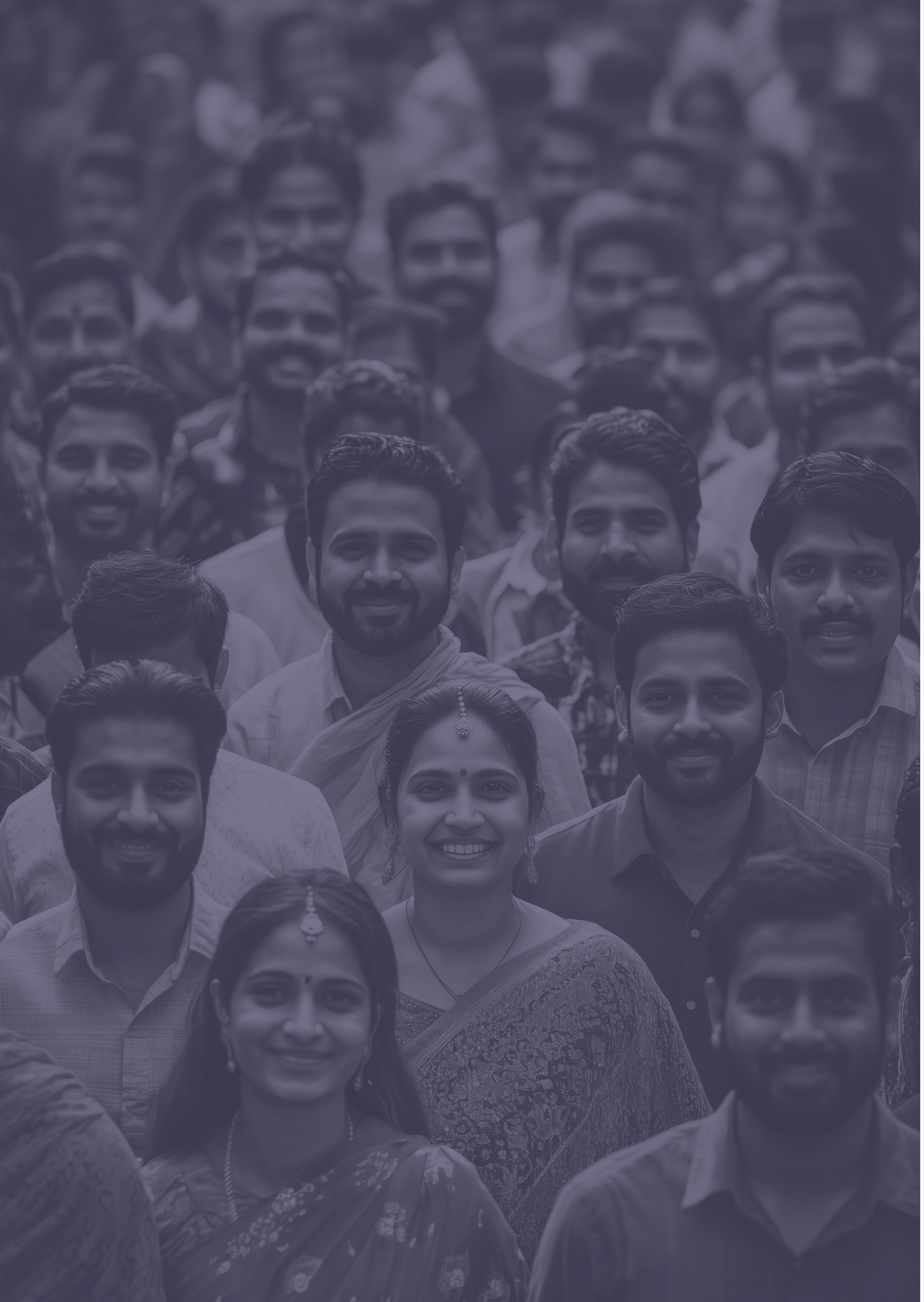
Chaitanya

SOLID FOUNDATIONS, ROBUST GROWTH



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Disclaimer
This document contains statements about expected future events and financials of Chaitanya India Fin Credit, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements.

Corporate Overview

Key Metrics For The Year

	Combined*	Chaitanya
Cumulative Loan Disbursal Since Inception	₹ 42,689.58 crore	₹ 18,576.78 crore
FY 2023-24 Loan Disbursal	₹ 12,568 crore	₹ 6,343.29 crore
Assets Under Management	₹ 14,437 crore	₹ 6,713 crore
Active Borrowers	4 million	1.7 million
Branches	1,814	848
Employees	18,896	9,078

Note: Data as of March 31, 2024
*Svatantra Microfin and Chaitanya India Fin Credit

Our Commitment

OUR VISION
To improve the lives of low-income families through financial services and ensuring sustainable shareholder returns.

OUR MISSION
To be a pan-India rural financial services company meeting the full spectrum of financial service needs for the low-income rural customers.

OUR VALUES

Discipline The employees of Chaitanya will first be trained to be disciplined before we demand discipline from our customers.	**Fairness** We will always be fair in our dealings with all our stakeholders, our customers, our employees and regulatory authorities.
Meritocracy The growth of our employees in the organisation will be based on merit, on the basis of their individual ability and achievement.	**Transparency** Our business and financial activities are done in an open way without secrets, So that our customers can trust that we are fair and honest.
Respect for Customers and Employees We will always respect our customers and our employees in all our dealings with them.	**Continuous Learning** We will always encourage our employees to continuously learn.

The Story So Far

2024
- AUM crosses ₹ 6,700 crore in March
- Rated AA-by CRISIL and CARE Ratings

2023
- Acquired by Svatantra Microfin
- AUM crosses ₹ 5,000 crore

2022
Crosses the 1 million customer mark

2021
Gets rated A(Stable) by ICRA

2019
Receives equity infusion of ₹ 147 crore from NAVI Group

2018
AUM crosses ₹ 500 crore

2016
Raises external capital

2013
Receives NBFC-MFI licence

2009
Receives NBFC licence

2004
Chaitanya starts operations

A MESSAGE FROM THE CHAIRPERSON

Democratising Finance and Catalysing Economic Self-Sufficiency

Dear Stakeholders,

In the current business environment, characterised by intense competition, foundational entrepreneurs serve as indispensable catalysts for progress, driving transformative change and economic growth.

What these entrepreneurs seek is access to appropriate financing options to build sustainable businesses and fuel the Indian economy. In 2023, when we learnt that an asset as valuable as Chaitanya India Fin Credit was available for acquisition, we were immediately drawn to its alignment with our company's values and objectives. What initially struck me was the Chaitanya's operational efficiency, synergistic potential, and track record of responsible growth. Moreover, its business framework was identical to the Svatantra model of discipline exhibited by the field sales force and adherence to fiscal prudence. Recognising the significant opportunities for synergistic expansion, we pursued the acquisition of Chaitanya as part of our strategic plan to identify like-minded companies that would enable us to broaden access to finance for aspiring entrepreneurs and address the credit gap. Chaitanya emerged as the ideal organisation to join us in creating a financial services institution committed to providing responsible and impactful lending on a large scale. I am pleased to present the annual report of Chaitanya for 2023-24.

In one of India's biggest microfinance deals, Svatantra Microfin acquired Chaitanya for ₹ 1,479 crore in 2023. The combined entity's assets under management (AUMs) are at around ₹ 14,400 crore — making it the second largest microfinance company in India with over 1,814 branches across 19 states.

Chaitanya, an institution with a two-decade legacy, aligns seamlessly with the Svatantra family. The organisation's transformation from a Karnataka-based livelihood support group in 2004 to a prominent non-banking financial company (NBFC) with a nationwide presence across 13 states is a testament to its resilience and vision. Chaitanya's integration into the Svatantra family will not only enrich our shared values but also catalyse our collective growth and amplify our shared goals.

The institution has cultivated relationships and trust with key communities and customers in its area of operations. As Svatantra embarks on a journey of growth, Chaitanya will act as a catalyst to the group's ambitions.

On a growth path

Chaitanya has been on a high-growth path, and has grown six times between 2019

"India's entrepreneurs are on a transformative path to success; poised to propel the nation into an economic powerhouse. As a subsidiary of Svatantra Microfin, Chaitanya is uniquely positioned to serve the needs of this dynamic segment by offering a diverse range of financial services to clients. We are committed to responsible lending and believe our shared values will accelerate our journey to create a valuable and impactful financial services entity."

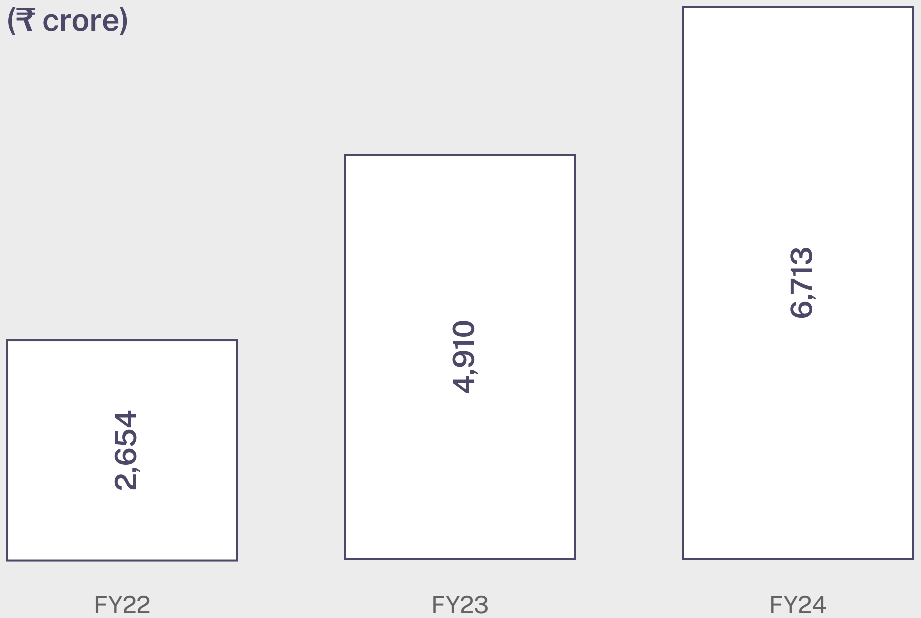
— Ananya Birla

and 2023. I am excited to share the progress made by Svatantra's subsidiary in the past one year. In FY24, Chaitanya's interest income jumped by 63% to ₹ 1,072 crore from ₹ 657 crore in FY23. Its fees and commission income along with other operating income showed substantial improvement, boosting its total income for the financial year 2023-24 by a sharp 65%.

Even in a challenging year when finance costs were competitive, the company's profits more than doubled to ₹ 296 crore as compared to ₹ 148 crore, on the back of high growth. Our disbursements expanded by 27% to ₹ 6,343 crore as compared to ₹ 4,992 crore in the previous year. We had an active customer base of 1.74 million in FY24, a 27% growth over the previous year. Evolution is in Chaitanya's DNA. In the past it has grown from an NGO to an NBFC and into an NBFC-MFI all of it the past 20 years. In its new avatar, its assets under management (AUMs) expanded rapidly to ₹ 6,713 crore by the end of FY24.

I would like to extend my sincere gratitude to the entire team at Chaitanya that has worked tirelessly to deliver these exceptional results, and for joining our family with so much grace.

Assets Under Management (₹ crore)



Balancing growth with asset quality

Chaitanya has established a robust and resilient financial institution capable of weathering economic turbulence. By effectively balancing disbursements with improving asset quality, the organisation has implemented a comprehensive framework of checks and balances to assess the creditworthiness of its customers.

Leveraging sophisticated risk management tools, Chaitanya prioritises the financial well-being of its customers while evaluating their creditworthiness prior to loan approval. The institution's adherence to rigorous governance and audit standards has enabled it to maintain a strong asset quality profile and minimise risk exposure. In the past four years, our net non-performing assets (NPA) ratio has improved from 0.9% in FY21 to 0.04% in FY24–illustrating the strength of the company's systems and levers.

Similarly, prudent risk management practices ensured that the company's collection efficiency remained robust. Chaitanya's collection efficiency rate stood at 99.2% for the joint liability group segment, indicating vibrancy in the microfinance lending space. NBFC-MFIs currently dominate the market, holding a substantial 41% share of the outstanding portfolio.

Tech-powered innovation

At Chaitanya, the deployment of advanced technological solutions enables us to make swift and informed decisions regarding creditworthiness, facilitating timely loan disbursement. We have implemented technology-driven processes that are continuously refined and updated to reduce turnaround times. This strategic approach has also enabled us to enhance service delivery and provide exceptional customer service.

Beyond operational excellence, Chaitanya has cultivated a vast repository of deep knowledge about our target customer groups. This unparalleled understanding of customer needs at the grassroots level has allowed us to create tailored offerings and refine our approach. It is an invaluable asset in the microfinance ecosystem.

Looking forward

A thriving entrepreneurial ecosystem, supported by favourable policies and ample funding, will be essential for India to achieve its ambitious goal of a USD 5 trillion economy. As a leading financial services provider, Chaitanya is dedicated to propelling Indian entrepreneurs towards a new tomorrow through accessible credit.

The acquisition of Chaitanya was a significant milestone in our journey. At Svatantra, we have been able to benefit from Chaitanya's expertise in responsible lending and sustainable growth and have been able to implement some of their best practices that have contributed to the larger development and resilience of the sector. The addition of Chaitanya has expanded our scale and size, making us the second-largest microfinance institution in India. Despite challenging times, we have maintained a strong grip on slippages and disbursements and over-indexed on responsible lending.

As we strive to become the country's leading microfinance institution in terms of AUM, client satisfaction, and efficiency, the shared values of Svatantra and Chaitanya will accelerate our ongoing journey to create a valuable financial services entity.

The synergies between the two institutions would deepen, widen and broaden our presence and offerings, while creating economies of scale. It will foster foundational innovation and spark innovative breakthroughs, boosting economic growth. Let us build on this momentum and continue to make a difference.

Warm regards,
Ananya Birla,
Chairperson

Profit After Tax
₹ 295.74 crore

Interest Income
₹ 1,071.56 crore

Capital Adequacy Ratio (CRAR)
22.27%

Total Income
₹ 1,261.98 crore

Assets Under Management
₹ 6,713 crore

The MD's Perspective

Dear All,

As we celebrate Chaitanya India's 15th year, I am filled with deep pride and gratitude for the incredible journey we have shared. Reflecting the humble beginnings, it's awe-inspiring to see how far we have come. What began with small loans of ₹ 5,000 has grown into a robust support system, with many of our customers now accessing financial assistance exceeding ₹ 1 lakh. Our commitment to providing these loans at the lowest interest rates in the industry, coupled with our ability to provide faster TAT loans, has set us apart, ensuring that our customers receive the support they need, when they need it.

Our success is fuelled by the continuous support and trust of our customers. Their stories of transformation are a testament to the impact we strive to make. With our assistance, many have been able to break free from financial constraints, providing their children with the education they once only dreamed of. Today, they own homes, lead fulfilled lives, and stand as living proof of the positive change we are dedicated to fostering.

In the financial year 2023-24, we surpassed ₹ 6,000 crore in Assets Under Management (AUM), a milestone that underscores the trust our customers place in us. We have also earned the prestigious Gold Level Client Protection Certification from M-CRIL, reflecting our unwavering dedication to ethical practices and the well-being of those we serve. Strengthening our CRISIL and CARE ratings further highlights our stability and commitment to excellence.

Another crucial milestone in Chaitanya's journey this year was the acquisition by Svatantra Microfin, founded by the visionary Ms. Ananya Birla on November 23, 2023. This union is not merely a merger of two leading organisations; it is a convergence of shared values and a collective vision to advance financial inclusion for low-income families across India. Together with Svatantra Microfin, we are committed to empowering women entrepreneurs, helping them lead the transformation of livelihoods, and fostering a financially inclusive India.

I also want to extend my deepest appreciation to our lender banks, whose support has been instrumental in fueling our growth and enabling us to serve our customers better. Their partnership has been vital in helping us reach new milestones and fulfil our mission of improving the lives of low-income families.

We have laid the groundwork for even greater accomplishments this year, and as we look forward to the future, I am filled with excitement and anticipation. The journey ahead is full of promise, and I am honoured to continue this adventure with all of you.

Warm regards,
Anand Rao
Managing Director

"Together, with Svatantra Microfin, we are committed to empowering women entrepreneurs, helping them lead the transformation of livelihoods, and fostering a financially inclusive India."

Products With A Purpose

The microfinance industry continued its strong growth in FY24. The gross loan portfolio expanded by 24.5% to ₹ 4.33 lakh crore, surpassing[1] the previous year's growth rate.

Although banks, non-banking financial companies (NBFCs), and other entities offer microloans, NBFC-microfinance institutions (MFIs) continue to play a substantial role in providing this type of debt. NBFC-MFIs hold the largest share of outstanding loans, totaling ₹ 1.7 lakh crore[2], which constitutes 39.4% of the entire industry portfolio, surpassing banks. This underscores the significance of institutions such as ours in reaching underserved communities and identifying micro-entrepreneurs who need credit.

[1] **MFIN, June 2024**
https://mfinindia.org/assets/upload_image/news/pdf/Micrometer%20Q4%20FY%2023-24%20Press%20Release.pdf

[2] **The Financial Express, June 10, 2024**
https://www.financialexpress.com/business/banking-finance-mfi-loan-portfolio-rises-25-yoy-report-3520858/

Microcredit is the cornerstone for the growth of micro, small, and medium sized enterprises (MSMEs) across the nation. India is estimated to have around 63.3 million MSMEs, of which micro enterprises constitute 63 million[3].

Rural micro entrepreneurs play a vital role in their local economies, but they frequently struggle to obtain loans due to their distance from banking services. Data shows[4] that more than 50% of MSMEs are located in rural areas.

In FY24, the industry has been able to bridge some of the gap. It was able to bring more customers into its network, fulfilling one of its objectives of reaching the unbanked. In FY24, the sector served 78 million unique borrowers through 149 million[5] loan accounts.

Chaitanya has experienced significant growth, expanding its customer base and enhancing access to credit, which is a primary obstacle within the industry. Our extensive understanding of our customers, coupled with our utilisation of technology to assess credit risk and optimise efficiency through systems and risk management tools, enables us to meet the escalating demands of the sector. This growth adds significant value for institutions such as us.

Microfinance products

At Chaitanya, we tailor our products to the specific needs of our rural customers. Our loans are designed to support their diverse financial requirements and contribute to the overall development of rural India.

The company's products fall under two main categories-group lending or joint liability group and retail loans.

[3] **MSME Ministry, Annual Report, 2022-23**
https://msme.gov.in/sites/default/files/MSMEANNUALREPORT2022-23ENGLISH.pdf

[4] **NABARD, 2023**
https://www.nabard.org/auth/writereaddata/careernotices/2701235242msme.pdf

[5] **The Financial Express, June 10, 2024**
https://www.financialexpress.com/business/sme/microfinance-gross-loan-portfolio-jumps-24-in-fy24-report/3520714/

Group Lending (or Joint Liability Group)

Joint Liability Group (JLG) is a collaborative approach to lending, which fosters community support and financial empowerment.

JLGs aid in the development of platforms for women to come together, share their experiences, and access capital for their endeavours. Each individual in a JLG is equally responsible for timely debt repayment.

JLGs offer a collaborative environment for women to thrive and serve as pillars of support. Most members come up with income-generating business ideas such as starting a small enterprise, expanding agricultural activities, or starting new innovative businesses.

JLG was devised to aid and empower women entrepreneurs. It is tailor-made to support them with the resources they need, and encompasses tools to overcome the challenges faced by them in semi-urban areas. They also help unlock the economic potential of women in rural and semi-urban areas.

Retail Loans

Chaitanya also offers higher ticket sized loans to customers with a larger appetite. Some loans are given out for purposes such as capital expansion, home improvement and asset creation.

Our loan products cater to a wide spectrum of sectors; income generation activities in livestock and animal husbandry, agriculture and allied services, trade and manufacturing, floriculture and horticulture, cultivation and farming, and dairy products. They also cater to services and ventures such as *kirana* shops.

The distribution of loans underscores our commitment to supporting ventures that contribute to economic growth and sustainability within the communities we serve.

Chaitanya's loans align with the unique borrowing requirements of each customer. With tailored financial solutions, we catalyse individuals and communities, and aid prosperity.

The company served over 1.74 million active borrowers in FY24, while striving diligently to impact more lives. Apart from providing credit, we intend to catalyse economic growth by nurturing the dreams of Indian entrepreneurs.

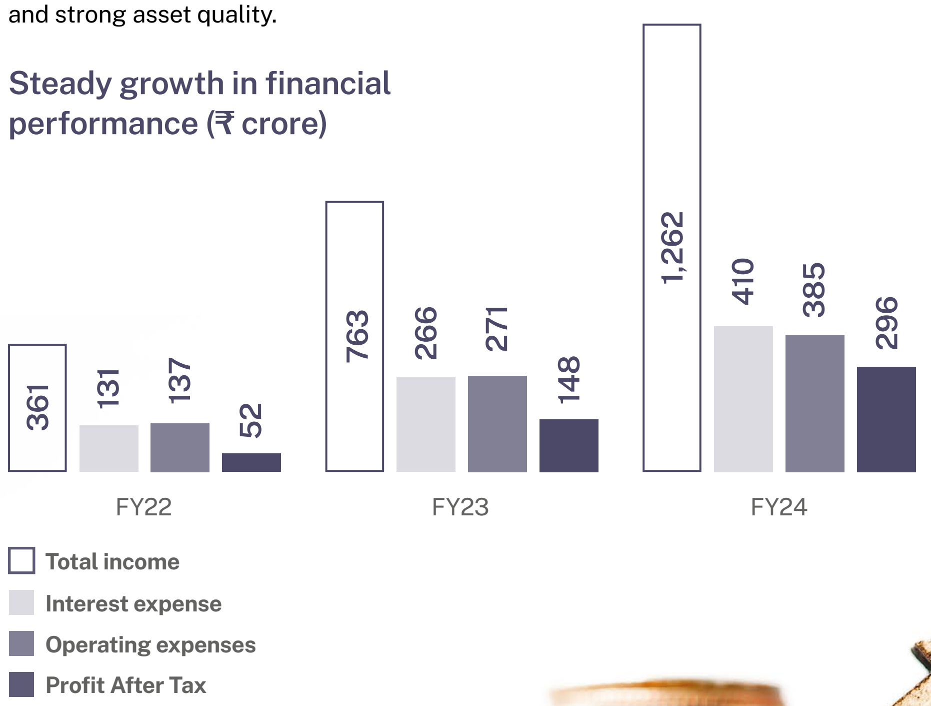
Grouping	Percentage of sales
Livestock & Poultry	39%
Trade & Manufacturing	24%
Agri & Allied	24%
Dairy	6%
Services & Small Business	6%
Consumption expenses	2%

Business Performance Overview

Chaitanya's story of growth and resilience during a challenging operating environment is evident in our financial performance. The company's strong growth in FY24 was driven by increased lending, improved collections, and geographic expansion. This resulted in a 63% surge in interest income to ₹ 1,072 crore and a 65% increase in total revenue to ₹ 1,262 crore.

The company's profitability increased despite a 54.7% rise in finance costs to ₹ 410 crore and higher employee benefits expenses. The company's net profit nearly doubled in FY24, reaching ₹ 296 crore from ₹ 148 crore in the previous year. This growth was primarily driven by factors such as stable provisioning and strong asset quality.

Steady growth in financial performance (₹ crore)

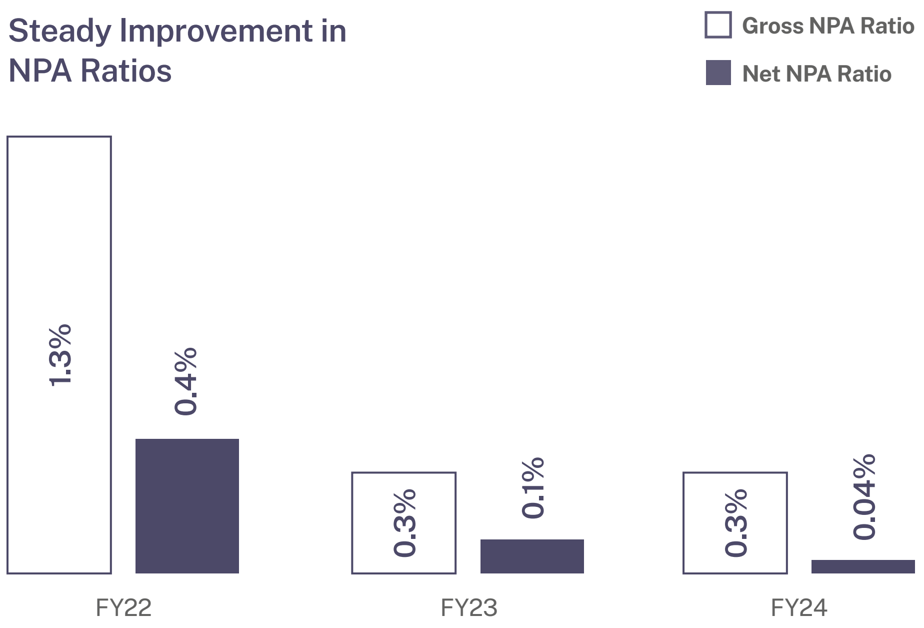


Improving asset quality

The company's loan portfolio remained resilient even amidst a slowdown in rural areas. The provision coverage ratio stood at 85% at the end of March 2024. The company's gross non-performing assets (NPAs) as a percentage of total outstanding loans stood at 0.3%, same as it was in FY23.

Chaitanya further strengthened its asset quality in FY24. The company's net NPAs declined to 0.04%, reflecting robust provisioning and a healthy loan portfolio.

Steady Improvement in NPA Ratios



Return on assets and return on equity

Our endeavours and investments continue to yield benefits to all our stakeholders. On the back of improving profitability, Chaitanya's Return on Equity or ROE improved to 31.8% in FY24 as compared to 25% in FY23.

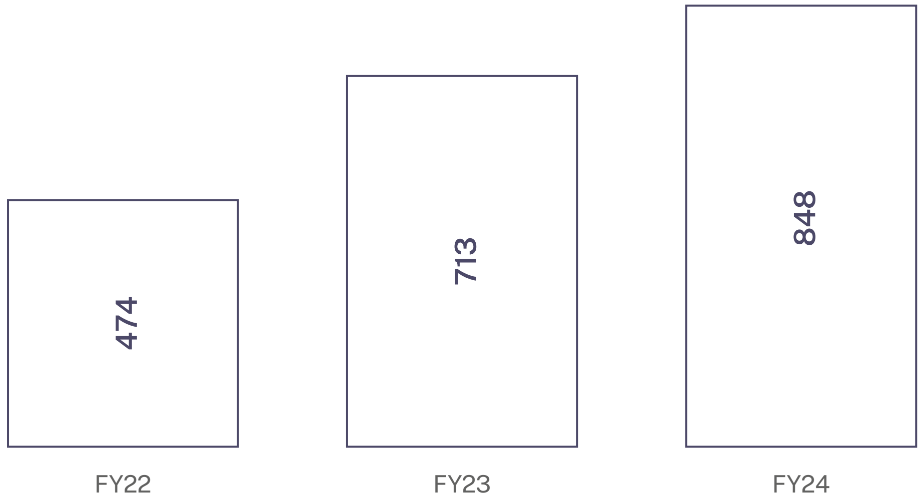
The company's Return on Assets (RoA) increased from 4.1% to 5.3%, reflecting better asset utilisation and profitability.

Branch expansion

Chaitanya's operations have been expanding over the past few years. We now have 848 branches across 12 states a large increase from 235 just four years ago.

Chaitanya has a strong presence in rural India, with over 200 branches in Karnataka, Uttar Pradesh, and Bihar. Our network spans 196 districts, and our team of 8,701 employees is passionate about making a positive impact in these communities.

Our Branch Growth



Branch and AUM Growth

States	Branches	AUM in crore
Karnataka	221	1,897
Uttar Pradesh	166	1,350
Bihar	127	1,233
Maharashtra	95	877
Jharkhand	55	410
Tamil Nadu	54	268
Madhya Pradesh	43	243
Rajasthan	36	183
Gujarat	29	166
Chhattisgarh	11	46
Haryana	5	24
Odisha	6	17
Total	**848**	**6,713**

Assets under management

Chaitanya's assets under management (AUMs) have grown significantly over the years. Since FY22, AUMs have grown from ₹ 2,654 crore to ₹ 6,713 crore, representing a sevenfold increase in six years.

Financial Year	AUM (₹ crore)
FY22	₹ 2,654 crore
FY23	₹ 4,910 crore
FY24	₹ 6,713 crore

Disbursements

Our disbursements also grew by a healthy 27% in FY24 to ₹ 6,343 crore in FY24. They also charted a healthy seven-fold growth over the past six years.

Disbursements on a steady rise

Financial Year	Disbursement (₹ crore)
FY22	₹ 2,643 crore
FY23	₹ 4,992 crore
FY24	₹ 6,343 crore

Improved size, scale and efficiencies

The company's efficiencies of scale have played out to our advantage due to our rapid expansion. Not only did our active customers expand five-fold in the past six years to 1.74 million, the number of loan disbursals grew four times over to 1.38 million.

Due to scale, as the number of customers served per branch improved substantially along with healthy addition to our AUMs per branch, we recorded better efficiencies in our operations.

Particulars	FY22	FY23	FY24
Active customers	0.81 million	1.37 million	1.74 million
Loan disbursals	0.70 million	1.17 million	1.38 million
Customers/branch	1,718	1,918	2,054
AUM/branch	₹ 5.7 crore	₹ 6.9 crore	₹ 7.9 crore

Key milestones achieved in FY24

Operating expense ratio improved to

6.9%

from 7.5% in FY23.

Collection efficiencies reached pre-Covid levels with regards to Joint Liability Groups to

99.2%

135

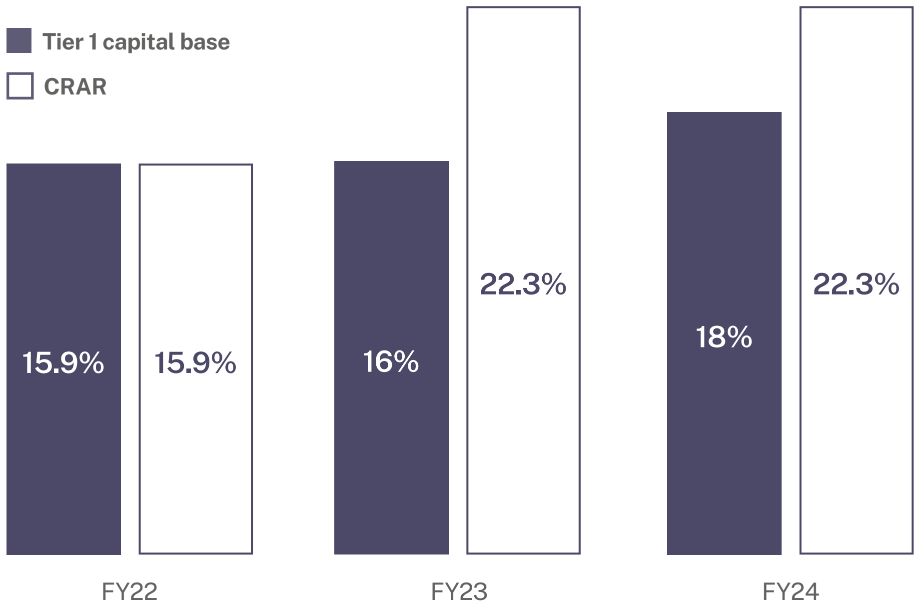
new branches were added during the financial year.

Building Financial Resilience

Chaitanya's operational expansion and growth in loan base comes on the back of the prudent risk management systems that we have in place. Our resilient books have been built on the top of a superior financial profile and strong capitalisation. We have augmented our capital base and diversified our borrowers' profile.

Our Tier 1 capital base, which is an indicator of an institution's financial health, has shown a steady improvement over the past three years. Similarly, the company's Capital to Risk-Weighted Assets Ratio has held steady in FY24, while showing a good level of improvement over the past three years.

Improved Capital Strength



We restructured our borrowing sources in FY24, shifting away from capital markets and small finance banks and toward private banks and development financial institutions. This diversification led to six new lenders joining our funding partners. Despite rising interest rates, we successfully managed to maintain our incremental cost of debt at a stable level.

Asset Liability Management

It is our constant endeavour at Chaitanya to maintain positive asset liability management to maintain a sturdy liquidity and financial position. We have maintained positive cumulative cash flows across all buckets to keep a healthy balance on both asset and liability sides.

Chaitanya maintains a diversified and liquid investment portfolio. Our investments include government securities (G-secs), Treasury bills (T-Bills), repurchase agreements (Repo), liquid and overnight mutual funds, and highly-rated corporate bonds.

Cash and liquid balances stand at

₹ 440 crore

CRAR at

22.2%

Credit rating upgrade to

“AA-(stable)”

by CRISIL & CARE post Svatantra acquisition.

Creating A Thriving Work Environment

A professional, inclusive and trusting office is essential for a productive working life. Chaitanya recognises this and remains driven to create a vibrant organisation where everyone can thrive.

Our open-door policy ensures that senior management is readily accessible to employees across all ranks and locations. This creates a supportive and collaborative space where our teams feel valued and encouraged.

We regularly update policies and extend our core values of fairness and respect to all Chaitanya employees.

A Progressive Workplace

Diversity, equity and inclusion form the cornerstones of our ethos. In 2023-24, this led us to achieve a phenomenal 93 percent year-on-year increase in the number of women employees. This not only reflects our progressive hiring practices but also underscores our commitment to equal opportunities for all employees.

A Culture of Engagement

Joining Chaitanya can be a transformative career experience. We believe in treating our colleagues like family, fostering a sense of belonging and camaraderie.

Here are some of our key engagement initiatives from the financial year 2023-24:

- **Health Camps:** We organised health camps offering basic medical tests and specific health screenings to detect early signs of chronic illnesses. We also arranged for dental check-ups to provide care and well-being.
- **Celebrations:** We held a range of team-building activities to mark diverse festivities and occasions. These included performing arts such as dance and singing, as well as group activities such as DJ sessions and games.

- **Knowledge Forums:** The company encourages a culture of lifelong learning, motivating our employees to embrace new knowledge and skills. In 2023-24, we conducted in-house knowledge forum sessions, free of cost for employees, on various topics, providing opportunities for professional and personal growth. These included stock market trading, Tableau, and advanced Excel training.

- **Chaitanya's OST Workshop:** Chaitanya's commitment to learning and development is evident in our innovative training programs. Our recent Open Space Technology (OST) workshop in Bangalore was a resounding success, inspiring collaboration and innovation among employees. Led by Rajendra Sharma from Pragati Leadership Institute, the workshop empowered participants to propose and discuss topics relevant to Chaitanya's vision of becoming India's leading microfinance institution. Through open dialogue and active participation, employees demonstrated their leadership skills and strengthened cross-functional collaboration. We extend our sincere thanks to the HR team and all participants for their contributions to this memorable event.

- **Bengaluru Runners Jatre 2023:** Chaitanya's team proudly participated in the Bengaluru Runners Jatre that brought together runners of all ages, from children to seniors, and even included visually impaired participants guided by dedicated volunteers. The vibrant atmosphere at the Atal Bihari Vajpayee stadium, coupled with the excellent organisation and support from the event team, made for a memorable experience. Our runners were inspired by the enthusiasm and camaraderie of the participants, further reinforcing our commitment to promoting health and wellness.

Employees Speak

Amina's Journey: From opportunity to growth

Assistant Manager • Finance & Accounts

As I completed college, I got to know from my friends that there were vacancies at Chaitanya. I decided to try my luck and gave my life's first interview. On Eid day, I received the exciting news that I had been selected. After joining Chaitanya, I got to know that the company truly thinks about the well-being of its employees. My work performance led to a promotion from the Dharwad region to the Bangalore Head Office, where I now serve as an Accounts Manager. It was my mother's dream to renovate our house with modern amenities. Today, I can proudly say that working at Chaitanya has allowed me to fulfil her wishes.

Jayaseelan L: Walking the talk

Zonal Manager

My journey at Chaitanya began in 2010 as a Unit Manager in Chitradurga, Karnataka. Over the years, I've held various leadership roles, contributing to Chaitanya's significant growth. I'm proud of our team's achievements in training rural staff, providing financial enablement to women entrepreneurs, and fostering community development. Chaitanya's commitment to its employees and its positive impact on rural communities have made this a fulfilling career. Our core values are not just talked about but lived and breathed every day.

Beyond Business-Towards A Brighter Future

A better India is one where nourishment, education, healthcare and clean air are available to all. At Chaitanya, we are conscious of, and always taking steps towards, the responsibility we owe to the people and places surrounding our business. Giving back is central to our mission of ensuring sustainable growth.

Beyond the economic boost that comes from facilitating India's small entrepreneurs, we remain committed to enabling social change through community-building efforts spread across the country.

Throughout the financial year 2023-24, the company has launched diverse and impactful corporate social responsibility (CSR) initiatives. These projects not only address immediate community needs but also contribute to long-term development in learning, health, environmental conservation and disaster relief.

The following are some of the notable activities undertaken:

Afforestation: Seeds of change

About 260 kilometres away from Bengaluru, at a four and a half hour drive, is the Doddabommanahalli High School in Davangere district's Jagalur area. While this small Kannada medium school had facilities such as classrooms and library, students lacked a green patch to play in. We decided to clean up a 1000 square metre area on campus and start a mini forest with several local and indigenous trees.

Using the Miyawaki method, a community-driven and people-oriented approach to afforestation, the project started out in July 2023. The first steps involved preparing the soil and putting up fencing to create fertile conditions. Chaitanya also set up irrigation before beginning the plantation in November 2023. The project's ongoing maintenance is under the enthusiastic and loving care of the school's staff, alongside students and community members.

Education: A leg-up in learning

Learning outcomes are a significant challenge[6] in Jharkhand, where only 11% of students in Grade 3 and 29 percent in Grade 5 were found to be able to read a Grade II text. To help address this, Chaitanya launched initiatives in Daltonganj city to improve children's education in English, Maths and Science. In collaboration with CLE Trust, we established 10 learning centres, operating from July 2023. These centres provide supplemental learning opportunities for 541 students beyond regular school hours. Through a combination of online and offline classes, supported by regular teacher training and performance evaluations, we are working to give students better access and grasp over learning.

Health: Taking medical care to the people

Gaya in Bihar has been frequently reported to have poor sanitation, insufficient medical staff and inadequate infrastructure. To boost access to healthcare in the region, Chaitanya collaborated with HelpAge India to launch a Mobile Health Unit (MHU). This hospital-on-wheels has been reaching doctors, nurses, midwives and lab assistants to eight locations since December 2023. The partnership also extends to organising health camps in Karnataka, where as many as 4,000 people received essential medical services as well as critical referrals for further treatments.

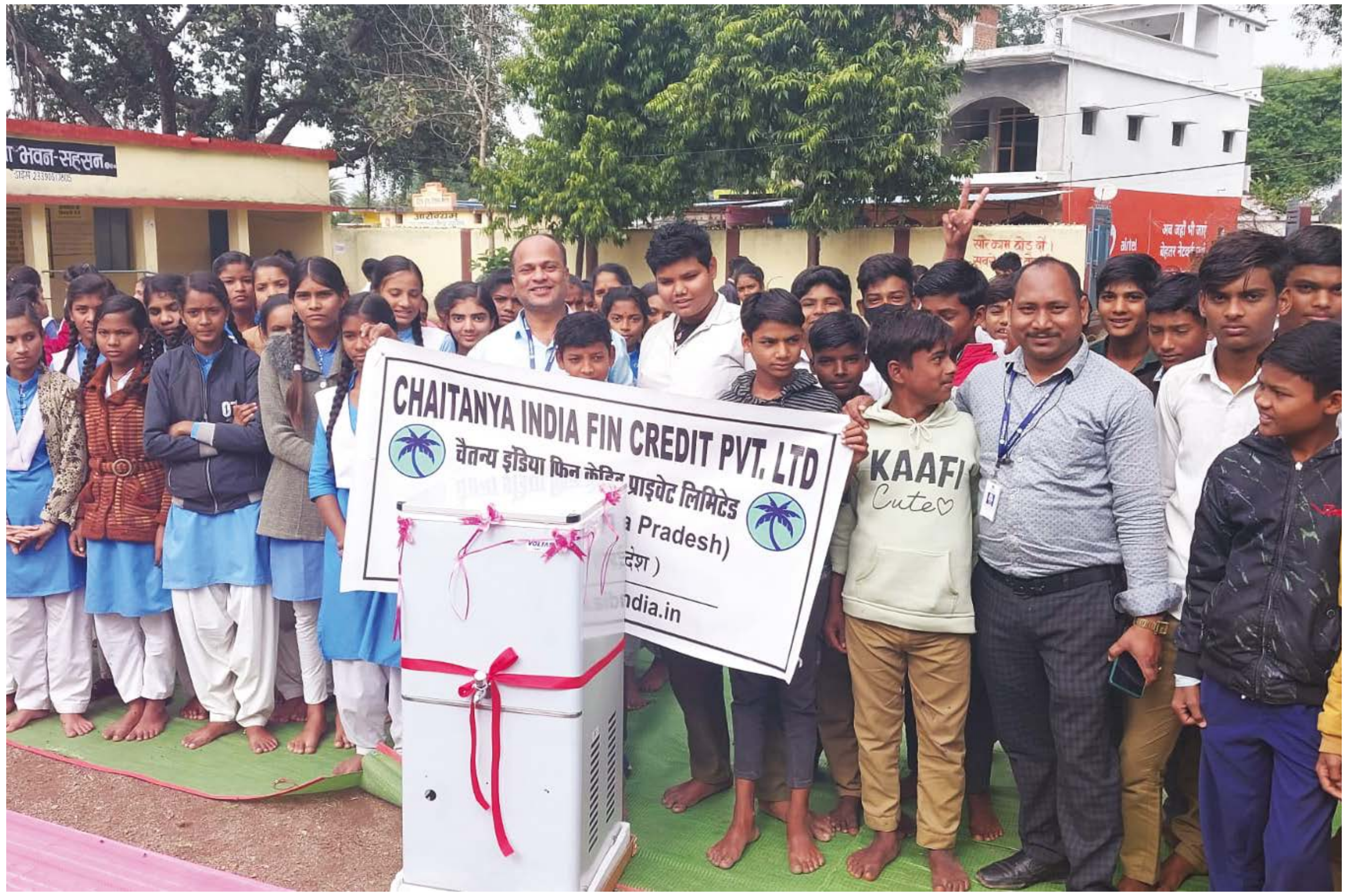
Disaster management: Support for survivors

In 2023, various parts of India were affected by natural disasters. In the aftermath of extreme weather events, Chaitanya provided substantial aid through relief operations in regions including Rajasthan, Maharashtra, Tamil Nadu and Andhra Pradesh. As part of these efforts, essential grocery kits were distributed among families impacted by floods and storms, directly helping about 2,250 families across ten locations.

Basic amenities: Safe water for better health

Clean water, particularly in schools, is an essential need across India. Chaitanya has significantly contributed to improving water quality by installing as many as 297 water purifiers in schools and other vital locations across 53 regions. About 80% of these installations prioritise schools, to ensure safe drinking water for children and staff.

[6] **Centre for Civil Society**
https://ccs.in/sites/default/files/2022-11/jharkhand-state-of-education-report_0_0_0.pdf



Incremental Changes, Significant Outcomes

Tagged for success: Terracotta artist breaks barriers

"I am a fourth-generation terracotta artisan from Gorakhpur. Even though my products were well-appreciated, I was only making modest income as the opportunities in my village were few and far between. I decided to take a loan from Chaitanya and scale my business. I expanded my operations and now I am able to sell products across the nation. It boosted my family income immensely. Since my business expansion, I was able to purchase a new home, a new vehicle and even some agricultural land. My family's standard of living has changed. There are many artisans like me in the village. After my success story, many more of them followed the path and took up the craft. It has helped my village receive a GI tag for terracotta artistry."
—Balwanti, Gorakhpur

Breathing life into scrap

"I was married into a family of sculptors and my husband trained me in the craft of making statues. I have also decided to use scrap metal to make my sculptures. I use old, refurbished and unwanted pieces of brass, copper wires and other metals and mould them into statues of Vittal, Rukmini and more. I use a unique technique to melt metal, but it's a time-consuming process. After I took a loan from Chaitanya, I was able to invest in better tools and material that enhanced the quality and efficiency of the process. I also expanded my operations to reach a wider audience."
—Mahananda Nilesh Choudharia, Barshi, Solapur District, Maharashtra

A small step, a giant leap

"I am an entrepreneur and a mother of two, and I also have a congenital leg condition. My life had always been difficult but I was determined to provide a better life for my children. So I started a home-based shop selling sarees and stationery, and took up farming as well. Once I was able to raise funds via loan from Chaitanya, I increased the stock of my store and diversified the offerings. The change was almost immediate. The business flourished and my income saw a significant boost. I use it to provide better education for my children. I am grateful for the opportunity to grow my business and for the hope it has brought into our lives. Despite my physical challenges, I am now able to provide for my family and secure a better future for my children"
—Sumitra, Solapur

Single mother of four takes up dairy farming

"My life took a drastic turn for the worse after my husband passed away. In spite of my immense grief, I had to take up the role of a provider to my four daughters. It was a struggle to provide for their daily needs as well as their education. I was able to receive a loan from Chaitanya and used it to purchase a cow. Soon I began supplying milk to a local milk booth, generating steady income. In addition to household responsibilities and maintaining a cow, I also cultivate soya beans, wheat and other crops when time permits. It fills me with pride that I am able to send my eldest daughter to college. The cow I bought with the loan has been a blessing, and I am determined to make the most of every opportunity to provide for my family."
—Shubhangi Dhumal, Solapur

Driving Organisational Success

BOARD OF DIRECTORS

Ananyashree Birla
Chairperson

Vineet Bijendra Chattree
Whole-Time Director

Anand Rao
Managing Director

Meena Jagtiani
Independent Director

Natarajan Girija Shankar
Independent Director

MANAGEMENT TEAM

Anand Rao
Managing Director
Over 20 years of experience, including 15 years in microfinance; he brings a wealth of leadership and strategic insights to Chaitanya.

Abhik Sarkar
Chief Financial Officer
Over 17 years of work experience, including 13 years in banking and NBFC sectors.

Linjin Tiruvangadan
Chief Technology Officer
Over 17 years of experience across banking, NBFC, MFI, and software industries.

Anis Nasirullah Pathan
Chief Risk Officer
Seasoned risk management expert; excels in risk capital management, cybersecurity, and fraud prevention.

Mattar Rakesh Krishna
Head - Product and Process Excellence
Over 17 years of experience, and contributed to the company's operational and process efficiencies.

K V Ganesh
Head - Internal Audit
Over 22 years of experience in sectors such as banking, finance, and FMCG.

Deepak Kumar Jha
Head - Business
Seasoned leader with 18 years of experience in microfinance and public health.

Manjunath B V
Head - Credit
Over 20 years of experience in the financial services industry, particularly in credit, sales, operations, and product management.

Gaurav Pathak
Head - HR
Over 18 years of HR experience; has managed the entire employee lifecycle across various sectors.

Santhosh J S
Head - Analytics
Over 10 years of experience, specialises in financial modelling, valuation, and strategy.

Neeraj Jain
Company Secretary
Seasonal professional with extensive experience as a company secretary and compliance officer.

Statutory Reports

Board's Report

Dear Members,

The Board of Directors have the pleasure in presenting the 15th Board's Report of Chaitanya India Fin Credit Private Limited ("Company"/"CIFCPL"/"Chaitanya") together with the Audited Financial Statements for the Financial Year ended on March 31, 2024.

1. Financial Summary And Highlights

The Financial Statements of the Company for the year ended March 31, 2024, have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Schedule III to the Act, as amended from time to time.

Financial Results			(Rs. In Lakhs)
Particulars	FY 2024	FY 2023	Change over FY 2023
Total income	1,26,198.09	76,337.20	65.32%
Finance cost	41,032.40	26,553.80	54.53%
Net income	**85,165.69**	**49,783.40**	**71.07%**
Operating expenses	38,477.97	27,124.00	41.86%
Pre provision operating profit	**46,687.72**	**22,659.40**	**106.04%**
Impairment of financial instruments	7,793.47	3,371.80	131.14%
Profit before tax	**38,894.25**	**19,287.60**	**101.65%**
Profit after tax	**29,573.98**	**14,835.30**	**99.35%**
Other comprehensive income	127.59	(69.30)	(284.11%)
Total comprehensive income	**29,701.57**	**14,766.00**	**101.15%**
Basic Earnings Per Share (EPS) (in rupees)	19.07	11.05	72.58%
Diluted Earnings Per Share (DPS) (in rupees)	19.07	11.05	72.58%

Note: Due to rounding off, numbers presented above may not add up precisely to the totals provided

During the financial year the Company's revenue grew by 65.32% to INR. 1,26,198.09 lakhs (previous year INR. 76,337.2 lakhs) and the net income grew by 71.07% to INR. 85,165.69 lakhs (previous year INR. 49,783.4 lakhs). The total operating expenses grew by 41.86% to INR. 38,477.97 lakhs (previous year INR. 27,124 lakhs). Profit before tax grew by 101.65% to INR. 38,894.25 lakhs (previous year INR 19,287.6 lakhs). Profit after tax grew by 99.35% to INR 29,573.98 lakhs (previous year INR. 14,835.3 lakhs). Total comprehensive income grew by 101.15% to INR. 29,701.57 lakhs (previous year INR. 14,766 lakhs). During the year the Company provided an impairment allowance of INR. 7,793.47 lakhs (previous year INR. 3,371.8 lakhs).

2. Key Operational Highlights

Particulars	FY 2024	FY 2023	Increase/Decrease over FY 2023-24 (in%)
Branches	848	713	18.93%
Districts	196	183	7.10%
States	12	12	0.00%
Borrowers (in lakhs)	17.4	13.7	27.01%
JLG Loans disbursed (INR. in lakhs)	6,33,386	4,98,785	26.99%
Total assets under management (INR. in lakhs)	6,71,330	4,91,018	36.72%

During the year, the number of branches grew by 18.93% to 848 (previous year 713). The number of borrowers grew by 27.01% to 17.4 lakhs (previous year 13.7 lakhs). JLG Loan disbursal grew by 26.99% to INR 6,33,386 lakhs (previous year INR 4,98,785 lakhs). Total assets under management grew by 36.72% to INR 6,71,330 lakhs (previous year INR 4,91,018 lakhs).

3. Transfer To Reserves

As per the extant guidelines of Reserve Bank of India for NBFCs, the Company transferred 20% of its profits for the year amounting to INR 5,914.72 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 the General Reserve for the year under consideration.

4. Dividends

The Board of Directors has not recommended any dividend on Equity Shares for the financial year 2023-2024, in-order to augment the capital requirements for supporting the growth of business of the Company, through retention of internal accruals which requires substantial resources.

5. Public Deposits

The Company being a non-deposit taking NBFC-MFI has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

6. RBI Guidelines

The Company is registered with the Reserve Bank of India as NBFC-MFI within the provisions of the section 45-IA of the Reserve Bank of India Act, 1934. The Company continues to comply with all the requirements prescribed by the Reserve Bank of India as applicable to it.

Disclosures under RBI Guidelines

The relevant disclosures applicable under the RBI Master Directions have been made in the Annual Financial Statements for the financial year ended 31 st March 2024.

During the financial year under review, no penalties have been imposed on the Company by any of the regulatory authorities as applicable to the Company.

Scale Based Regulations

Pursuant to RBI circular on 'Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs' dated October 19, 2023, as amended from time to time the Company was categorised as NBFC-Middle Layer ("NBFC'ML") and it continues to be under the same category till date. Further as prescribed in SBR, the Company is in adherence to the liquidity risk management guidelines. The disclosure on liquidity risk, on a quarterly basis, is also uploaded on website of the Company and details of the same are separately disclosed in the notes to the financial statements forming part of this Annual Report.

7. Capital Adequacy

The Company being a Non- Deposit Accepting NBFC is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. The Company is required to maintain a minimum Capital to Risk Asset Ratio (CRAR) of 15% as prescribed under the (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 (as amended from time to time) based on total capital to risk weighted assets. As of March 31, 2024, the Company's total Capital to Risk Asset Ratio stood at 22.27% out of which Tier I capital adequacy ratio as on March 31, 2024 stood at 17.98% and Tier II capital adequacy ratio as on March 31, 2024 stood at 4.28%. Accordingly, it is well above the regulatory minimum of 15%.

8. Disclosures Relating To Subsidiaries, Associates And Joint Ventures.

The Company does not have any subsidiary, associate and joint venture Company during the financial year under review in terms of the Companies Act, 2013 ("Act").

9. State Of Company's Affairs

i. **Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification:** During the year under review, Navi Finserv Limited ("NFL") ("Seller"),the erstwhile holding Company sold its 100% of the Shareholding of Chaitanya India Fin Credit Private Limited ("CIFCPL") to Svatantra Microfin Private Limited ("SMPL") ("Purchaser") and its Nominee (i.e., Ms. Ananyashree Birla), as per the Share Purchase Agreement executed between CIFCPL, NFL and SMPL. CIFCPL has become a Wholly Owned Subsidiary of SMPL.

ii. **Shifting of Registered Office:** During the year under review, in terms of the provisions of Section 13(4) of the Companies Act, 2013 read with the rules made thereunder, the Company had made an application to the Hon'ble Regional Director ('RD'), South East Region, Hyderabad, seeking approval for shifting of Registered Office of the Company from the State of Karnataka to the State of Maharashtra. Vide its Oder dated May 10, 2024, the Hon'ble Regional Director, South East Region, Hyderabad approved the shifting of Registered Office of the Company. The Registrar of Companies, Mumbai issued on June 26, 2024 a certificate of registration of Regional Director Order for change of State. Consequently, the Registered Office of the Company shifted to Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013, Maharashtra, India.

10. Change In Nature Of The Business:

There was no change in the nature of the business of the Company for the year under review.

11. 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, 2024 and the date of the Directors' Report.

12. Share Capital:

The Authorised Share Capital of the Company as on March 31, 2024, was INR 2,71,50,00,000/- (Indian Rupees Two Hundred Seventy-One Crore and Fifty Lakh Only) divided into

a. 25,35,00,000 (Twenty-Five Crore Thirty-Five Lakh) Equity Shares of INR 10/- (Indian Rupees Ten Only) each aggregating to Rs. 25,35,000,000/-(Indian Rupees Two Hundred Fifty-Three Crore and Fifty lakh only) and

b. 1,80,00,000 (One Crore Eighty Lakh) Preference Shares of face value of INR 10/- each aggregating to INR.18,00,00,000/- (Indian Rupees Eighteen Crores Only).

During the year under review, the Company has issued & allotted equity shares to the Navi Technologies Limited (former ultimate holding company) and Navi Finserv Limited (former holding company).

Name of Allottee	Date of allotment	No. of Shares	Face Value (INR)	Premium (INR)	Total Consideration(INR)
Navi Finserv Limited	June 16, 2023	93,75,000	10/-	50/-	56,25,00,000/-
Navi Technologies Limited	June 16, 2023	31,25,000	10/-	50/-	18,75,00,000/-

Further, issued, subscribed and Paid-up Share Capital as on March 31, 2024, is 15,76,66,666 Equity Shares of INR 10/- (Indian Rupees Ten Only) each aggregating to INR. 1,57,66,66,660/- (Indian Rupees One Hundred and Fifty-Seven Crores Sixty-Six Lakhs Sixty-Six Thousand Six Hundred and Sixty Only). The entire Share Capital of the Company is held in dematerialized form.

13. Issue Of Non-Convertible Debentures (NCDs):

During the year under review, the Company has issued the following NCDs;

- 10,000 Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures at a face value of INR 1,00,000/- (Indian Rupees One Lakh Only) each aggregating to INR 100 Crores on a private placement basis.

- 2500, Rated, Listed, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures at a face value of INR.1,00,000/-(Indian Rupees One Lakh Only) each aggregating to INR 25 Crores on a private placement basis.

- 2500, Rated, Listed, Senior, Unsecured, Redeemable, Transferable Non-Convertible Debentures at a face value of INR.1,00,000/- (Indian Rupees One Lakh Only) each aggregating to INR 25 Crores on a private placement basis.

- 8500 Rated, Unsecured, Taxable, Listed, Redeemable, Non-Convertible Debentures at a face value of INR.1,00,000/- (Indian Rupees One Lakh Only) each aggregating to INR 85 Crores on a private Placement basis.

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.

14. Credit Rating & Grading

Your Directors draw the attention of the members to Note 48 to the Financial Statement which sets out credit rating disclosure.

During the Year Comprehensive Microfinance Grading ((Institutional Gradings & Code of Conduct Assessment) has been assigned to the Company by SMERA.

15. 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 the Annual Report.

16. Directors And Key Managerial Personnel

a. Composition of Board of Directors:

As on the date of this report, the Board of Directors comprised of Five (5) Directors, out of which two are Independent Directors, including one Women Independent Director. The details of the members are as follows

Sr. No.	Name of the Director	Designation
1.	Ms. Ananyashree Birla	Chairperson
2.	Mr. Anand Rao	Managing Director
3.	Mr. Vineet Bijendra Chattree	Whole-Time Director
4.	Ms. Meena Jagtiani	Independent Director
5.	Mr. Natarajan Girija Shankar	Independent Director

The composition of the Board is in line with the requirements of the Act. The Directors possess vast knowledge, necessary experience, skills and ability in various functional areas relevant to the Company's business, which has aided / continues to aid in strengthening the policy decisions of the Company.

The details of the Board, its committees, areas of expertise of Directors and other details are available in the Report on Corporate Governance, which forms part of this Annual Report as an **Annexure No. III**

The terms and conditions of appointment of Independent Directors are available on the website of the Company at https://www.chaitanyaindia.in/wp-content/uploads/2024/02/Terms-and-Conditions.pdf

b. Changes in Directors and Key Managerial Personnel (KMP) during FY24.

The following were the changes in the Board of Directors during the year under review:

Name	Date of Appointment/Resignation	Nature of Change
Ms. Ananyashree Birla	November 23, 2023	Appointed as Chairperson and Director
Mr. Sachin Bansal	November 23, 2023	Resigned from the post of Chief Executive Officer and Managing Director
Mr. Ankit Agarwal	November 23, 2023	Resigned from the post of Director
Mr. Samit S Shetty	November 23, 2023	Resigned from the post of Nominee Director
Mr. Ranganthan Sridharan	November 23, 2023	Resigned from the post of Independent Director
Ms. Usha A Narayanan	November 23, 2023	Resigned from the post of Independent Director
Mr. Vineet Bijendra Chattree	November 23, 2023	Appointed as a Whole-Time Director
Mr. Natarajan Girija Shankar	December 12, 2023	Appointed as an Independent Director
Ms. Meena Jagtiani	December 12, 2023	Appointed as an Independent Director

c. Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013, a separate exercise was carried out to evaluate the performance of the Board, who were evaluated on parameters such as level of engagement and contribution and independence of judgment to safeguard the interest of the Company and its minority shareholders. The reports were scrutinized by the Nomination & Remuneration Committee. The Directors expressed satisfaction with the evaluation process.

d. Key Managerial Personnel:

In terms of the provisions of Sections 203 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, following are the Key Managerial Personnel as on 31st March 2024:

Sr. No.	Name of the Key Managerial Personnel	Designation
1.	Mr. Vineet Bijendra Chattree	Whole Time Director
2.	Mr. Anand Rao	Managing Director
3.	Mr. Abhik Sarkar	Chief Financial Officer
4.	Mr. Anup Kumar Gupta	Company Secretary

Further, Mr. Anup Kumar Gupta resigned from the Company Secretary & Chief Compliance Officer from the close of business hour of May 13, 2024, and Mr. Neeraj Jain was appointed as Company Secretary & Compliance Officer of the Company w.e.f. May 16, 2024.

e. Declaration by Independent Director

Independent Directors of the Company have given declarations under Section 149(7) of the Act, that they meet the criteria of independence as laid down under Section 149(6) of the Act. The Independent Directors of the Company have undertaken requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Mr. Natarajan Girija Shankar and Ms. Meena Jagtiani , who were appointed as an Independent Directors during the year under review, possess requisite integrity, expertise, experience and proficiency which are relevant to the Company.

17. 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.

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 by the Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

18. 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. The Company is maintaining an audit trail throughout the year for transactions impacting books of accounts.

19. Reporting Of Frauds By Auditors

During the year under review, no fraud has been reported neither by the Statutory Auditor nor the Secretarial Auditor to the Audit Committee, under Section 143(12) of the Companies Act, 2013 against the Company by its officers or employees.

20. 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.

21. Company's Policy On Directors' Appointment And Remuneration For Directors, Key Managerial Personnel And Other Employees.

In accordance with the provisions of Section 178 of the Companies Act, 2013 read with guidelines issued by Reserve Bank of India 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. In this regard, the Company has a Nomination and Remuneration Committee consisting of the following Members:

Sr. No.	Name of Director	Designation
1.	Ms. Meena Jagtiani	Chairperson & Independent Director
2.	Ms. Ananyashree Birla	Non-Executive Director
3.	Mr. Natarajan Girija Shankar	Independent Director

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/policies/

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.

22. Corporate Social Responsibility

In accordance with the provisions of Section 135 and schedule VII of the Companies Act, 2013 read with rules made thereunder the Company have constituted a Corporate Social Responsibility (CSR) Committee, which comprises of the following Members:

Sr. No.	Name of Director	Designation
1.	Ms. Meena Jagtiani	Chairperson & Independent Director
2.	Mr. Vineet Bijendra Chattree	Whole Time Director
3.	Mr. Anand Rao	Managing Director

The CSR policy of the Company is available on the website of the Company – https://www.chaitanyaindia.in/wp-content/uploads/2022/04/314-2021-06-25-07-41-07-CSRPolicy.pdf. A report on CSR activities of the Company pursuant to Section 134(3)(o) is enclosed herewith as **Annexure I**.

23. Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

Conservation of energy, technology absorption:

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with rules framed thereunder in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

The Company has, however, used information technology extensively in its operations.

Foreign exchange earnings and Outgo:

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

24. Risk Management Policy

The Board of the Company has adopted the Risk Management Policy to assess, monitor and manage risk throughout the Company. Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization and policy provides 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.

25. Internal Audit

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations. The risk based internal audit plan is approved by the Audit Committee, which regularly reviews compliance to the plan.

26. Details Of Establishment Of Whistle Blower For Directors And Employees

The Company has adopted the Whistle Blower Policy with a view to provide a formal mechanism to the directors and employees of the Company to report their concerns about unethical behavior, actual or suspected fraud amongst others.

The Policy provides for adequate safeguards against victimization of director(s)/employee(s) who avail of the mechanism and also provides direct access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on the Company's website at https://www.chaitanyaindia.in/policies/

27. Statutory Auditors

Pursuant to the Guidelines Ref. No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, issued by the Reserve Bank of India ('RBI Guidelines') for Appointment of Statutory Auditors, an entity will have to appoint the statutory auditor for a continuous period of three years, subject to the firm satisfying the eligibility norms each year.

Further, M/s Varma and Varma, Chartered Accountants, (ICAI FRN004532S), Bengaluru, Statutory Auditor, would be completing their tenure of three years by the conclusion of ensuing Annual General Meeting ("AGM"). In this regard, the Board of Directors in its meeting held on June 7, 2024 has recommended the appointment of M/S S.N Dhawan & CO LLP, (ICAI FRN: 000050N/N500045) as the Statutory Auditors of the Company, subject to the approval of shareholders in the ensuing Annual General meeting, for a period of (3) three consecutive years till the conclusion of Annual General Meeting for the financial year 2026-27.

During this year under review, the Audit Committee reviewed the performance of Statutory Auditor of the Company and found the same satisfactory.

The Directors confirm that there are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditor in their Independent Auditor's report on Annual Financial Statements for FY 2023-24.

28. Secretarial Audit

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 December 07, 2023, has reappointed M/s. RSVH & Associates, Practicing Company Secretaries [Firm Reg. No. AAS-2232] as Secretarial Auditor of the Company for the Financial Year 2023-24 to undertake the Secretarial Audit. The Report of the Secretarial Auditor for the year ended March 31, 2024, is annexed to the Directors' Report as Annexure-II.

There are no qualifications, reservations, adverse remarks or disclaimers in the Secretarial Audit Report issued by Secretarial Auditors for FY 2023-24.

29. Particulars Of Contracts Or Arrangements With Related Parties

During the financial year under review, there were no material related party transactions entered into by the Company that were required to be disclosed in form AOC-2. The details of the related party transactions are provided in the notes to the Annual Financial Statements.

The policy on Related Party Transactions as approved by the Board is hosted on website of the Company i.e. https://www.chaitanyaindia.in/policies/

30. 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, 2024, in Form No. MGT-7, is available on the Company's website and can be accessed at the weblink: https://www.chaitanyaindia.in/annual-report/

31. Corporate Governance

The Company strives to adopt and adhere to the highest standards of Corporate Governance principles and is fully committed to follow sound corporate governance practices and uphold the highest business standards in conducting business. Accordingly, the Company has put in place various policies, systems and processes to achieve transparency, high levels of business ethics and compliance with applicable laws. The Board and other Sub Committee of Board ensures the high standards of transparency and accountability in all its activities and in discharging the Company's responsibilities towards all stakeholders and the community at large.

The Corporate Governance Report in the format as prescribed by Reserve Bank of India is attached with the Directors' Report as **Annexure – III**.

32. Number Of Meetings Of The Board Of Directors

During the financial year ended on March 31, 2024, 8 (Eight) Meetings of the Board of Directors of the Company were held. The attendance of the Board of Directors in these meetings were as follows :

Sr. No.	No. of the Board Meeting	Date of the Board Meeting	No. of Directors Present
1.	1/2023-24	20.04.2023	5
2.	2/2023-24	24.05.2023	5
3.	3/2023-24	08.08.2023	6
4.	4/2023-24	11.08.2023	4
5.	5/2023-24	30.10.2023	4
6.	6/2023-24	23.11.2023	8
7.	7/2023-24	07.12.2023	3
8.	8/2023-24	13.02.2024	5

Sr. No.	Name of the Director	Number of Board Meetings		
		Held	Eligible to attend	Attended
1.	Ms. Ananyashree Birla*	3	3	3
2.	Mr. Anand Rao	8	8	8
3.	Mr. Vineet Bijendra Chattree*	3	3	3
4.	Mr. Natarajan Girija Shankar**	1	1	1
5.	Ms. Meena Jagtiani**	1	1	1
6.	Mr. Sachin Bansal***	6	6	3
7.	Mr. Ankit Agarwal***	6	6	4
8.	Mr. Samit Shankar Shetty***	6	6	5
9.	Ms. Usha A Narayanan***	6	6	6
10.	Mr. Ranganathan Sridharan***	6	6	6

*Pursuant to the share purchase agreement (SPA) executed on August 8, 2023, by and amongst Navi Finserv Limited, Navi Technologies Limited and Svatantra Microfin Private Limited, Ms. Ananyashree Birla and Mr. Vineet Bijendra Chattree were appointed as Directors on the Board of the Company with effect from November 23, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.

** Mr. Natarajan Girija Shankar and Ms. Meena Jagtiani were appointed as Independent Directors on the Board of the Company with effect from December 8, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.

*** Pursuant to the share purchase agreement (SPA) executed on August 8, 2023, by and amongst Navi Finserv Limited, Navi Technologies Limited and Svatantra Microfin Private Limited, Mr. Sachin Bansal, Mr. Ankit Agarwal, Mr. Ranganathan Sridharan, Ms. Usha A Narayanan and Mr. Samit Shankar Shetty resigned from their directorship with effect from November 23, 2023.

33. Audit Committee

In accordance with the provisions of Section 177 of the Companies Act, 2013 read with guidelines issued by Reserve Bank of India in this regard, the Company has an Audit Committee consisting of the following Members:

Sr. No.	Name of Director	Designation
1.	Mr. Natarajan Girija Shankar	Chairperson & Independent Director
2.	Ms. Meena Jagtiani	Independent Director
3.	Ms. Ananyabirla shree	Non-Executive Director

The scope of the Audit Committee is in line with the provisions of the Companies Act, 2013 read with relevant RBI Guidelines and during the financial year all the recommendations made by the Audit Committee were accepted by the Board.

34. Other Committees

The Board of Directors has also constituted the following Committees in accordance with the provisions of the Companies Act, 2013 and RBI Guidelines.

1. Risk Management Committee
2. Stakeholders Relationship Committee
3. IT Strategy Committee
4. Asset - Liability Management Committee
5. Customer Protection Committee
6. Finance Committee

35. Maintenance Of Cost Records

The Company is not required to maintain cost records as specified by the Central Government under sub- section (1) of Section 148 of the Companies Act, 2013.

36. Details Of Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operations In Future

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

37. Disclosures Under Sexual Harassment Of Woman At Workplace (Prevention, Prohibition & Redressal) Act, 2013

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

During FY 2023-24, the Company has received one (1) complaint on sexual harassment and, the following is the summary of complaints received and disposed-off.

a) Number of complaint(s) received: 1 (One)
b) Number of complaint(s) disposed-off: 1(One)
c) Number of cases pending for more than 90 days: Nil
d) Number of workshops/awareness programs against sexual harassment carried out: 4 (Four)

38. Secretarial Standards

The Company is in compliance with the relevant Secretarial Standards issued by Institute of Company Secretaries of India (ICSI) and notified by Ministry of Corporate Affairs.

39. Particulars Of Managerial Remuneration

The Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company as the Company is not a listed Company under the Companies Act, 2013.

40. RBI Ombudsman

The company has a dedicated team which deals with the concerns or complaints raised by the customers. Further, in accordance with the RBI Circular dated November 15, 2021, on "Appointment of Internal Ombudsman by Non-Banking Financial Companies (NBFCs)", as amended, the Company has an Internal Ombudsman (IO) being the apex of the grievance redressal mechanism of the Company. The IO deals with the complaints of its customers which are partly or wholly rejected by the Company.

41. Customer Grievances

The Company has a dedicated Customer Grievance team for receiving and handling customer complaints/ grievances and ensuring that the customers are treated fairly and without any bias at all times. All issues raised by the customers are dealt with courtesy and redressed expeditiously.

42. Fair Practice Code

The Company has in place a Fair Practice Code (FPC) approved by the Board in compliance with the guidelines issued by RBI, to ensure better service and provide necessary information to customers to take informed decisions. The FPC is available on the website of the Company at https://www.chaitanyaindia.in/policies/

43. Code Of Conduct For Insider Trading

The Company has put in place a Code of Conduct and Fair Disclosure for Prohibition of Insider Trading for its designated persons in compliance with SEBI (Prohibition of Insider Trading) Regulations 2015. This Code is to regulate, monitor and report the trading in the Company's securities by the designated persons of the Company. The Code of Conduct for Prohibition of Insider Trading is available on the website of the Company at https://www.chaitanyaindia.in/policies/

44. Other Disclosures

a. **Sweat Equity Shares issued during the Year:**
The Company has not issued any Sweat Equity Shares during the Financial Year under review.

b. **There has not been any revision in the financial statements.**

c. **The Company, in the capacity of Financial Creditor, has not filed any applications with National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 during the financial year 2023-24 for recovery of outstanding loans against any customer being Corporate Debtor.**

d. **The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable**

45. Acknowledgment

Your Directors take this opportunity to offer sincere thanks to the Regulators, Bankers, Investors, Government Authorities, 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

Sd/-
Ananyashree Birla
Chairperson
DIN: 06625036

Date: September 26, 2024
Place: Mumbai

ANNEXURE I

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY 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 2023-24

In the Financial Year 2023-24, the Company has demonstrated a strong commitment to corporate social responsibility through diverse and impactful initiatives across India. These projects not only address immediate community needs but also contribute to long-term sustainable development in education, environmental conservation, health, and disaster relief. The following are some of the notable activities undertaken:

i. **Afforestation using the Miyawaki method at Doddabommanahalli High School:** Chaitanya has undertaken an afforestation project using the Miyawaki method on a 1000 square meter area at the Doddabommanahalli High School in Jagalur, Davangere district. Initiated in July 2023, the project involved soil treatment, fencing, and irrigation setup before beginning plantation in November 2023. The school's staff, alongside students and community members, are actively engaged in the project's ongoing maintenance.

ii. **Educational Initiatives through Learning Centers:** In collaboration with CLE Trust, Chaitanya has established 10 learning centers in Daltonganj, Jharkhand, to enhance children's rural education in English, Maths. These centers began operations from Aug 2023, providing both offline and online classes after regular school hours. With 541 students enrolled, the initiative has conducted a substantial number of classes, supported by regular teacher training and performance evaluations.

iii. **Health Programs:** Chaitanya has partnered with HelpAge India to implement health-related initiatives. This includes operating a Mobile Health Unit (MHU) in Gaya, Bihar, covering eight locations since December 2023, and organizing health camps in Karnataka, benefiting over 4,000 individuals with medical services and referrals for further treatments.

iv. **Disaster Management Response:** In response to natural disasters in 2023, Chaitanya has provided substantial aid in various affected regions across Rajasthan, Maharashtra, Tamil Nadu and Madurai. Efforts included the distribution of essential grocery kits to families impacted by floods and storms, directly benefiting approximately 2,250 families across ten locations.

v. **Provision of Basic Amenities:** Water Purifier: Chaitanya has significantly contributed to improving water quality by installing 297 water purifiers in schools and other vital locations across fifty-three regions. This initiative prioritizes schools, covering 80% of the installations, to ensure safe drinking water for children and staff.

3. The Composition of the CSR Committee:

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

Sl No.	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
1.	Mr. Ranganathan Sridharan	Independent Director, Chairman	1	1
2.	Ms. Usha A Narayanan	Independent Director, Member	1	1
3.	Mr. Anand Rao	Managing Director, Member	1	1
4.	Ms. Meena Jagtiani	Independent Director, Chairperson	Nil	Nil
5.	Mr. Vineet Bijendra Chattree	Whole-Time Director, Member	Nil	Nil

Note:

1. Mr. Ranganathan Sridharan and Ms. Usha A Narayanan resigned from the Board of Directors on November 23, 2023.
2. Mr. Vineet Bijendra Chattree was appointed as Whole Time Directors on the Board of the Company with effect from November 23, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.
3. Ms. Meena Jagtiani was appointed as Independent Directors on the Board of the Company with effect from December 8, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.
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/committees-of-board/
   - CSR Policy weblink: https://www.chaitanyaindia.in/policies/
5. **Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.**
   Impact Assessment is not applicable to the Company.
6. **a) Average net profit of the company as per section 135(5)**
   The average net profit of the Company for the three immediately preceding financial year amounts to INR 96,09,95,894/- (Indian Rupees Ninety-Six Crores Nine Lakhs Ninety-Five Thousand Eight Hundred and Ninety-Four Only).
   b) 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 1,92,19,918/- (Indian Rupees One Crore Ninety-Two Lakh Nineteen Thousand Nine Hundred and Eighteen Only)
   c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL
   d) Amount required to be set off for the financial year, if any: NIL
   e) Total CSR obligation for the financial year [(b)+(c)-(d)]:
   INR. 1,92,19,918/- (Indian Rupees One Crore Ninety- Two Lakh Nineteen Thousand Nine Hundred and Eighteen Only)
7. **(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):** INR. 2,15,59,310
   (b) Amount spent in administrative overheads: INR. 2,35,869
   (c) Amount spent on Impact Assessment, if applicable: Nil
   (d) Total amount spent for the Financial Year [(a)+(b)+(c)] INR. 2,17,95,179
   (e) CSR amount spent or unspent for the Financial Year: Nil

Total Amount Spent for the Financial Year. (In Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135.		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135.		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
2,17,95,179	-	-	-	-	-

(f) Excess amount for set-off, if any: Not Applicable

Sr. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

8. **Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years: Not applicable**

	Preceding Financial Year	Amount transferred to Unspent CSR Account under Sub-Section (6) of Section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in Rs.)	Amount Unspent in the Financial Year (in Rs.)	Amount transferred to Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any	Amount remaining to be spent in succeeding Financial Year (in Rs)	Deficiency, if any
	-	-	-	-	-	-	-

9. **Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable**
10. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.: Not Applicable**

By the order of the Board of Directors

For and on behalf of Chaitanya India Fin Credit Private Limited

Sd/-
Meena Jagtiani
Chairperson, CSR Committee
Independent Director
DIN: 08396893

Date: 26th September 2024
Place: Mumbai

Sd/-
Anand Rao
Managing Director
DIN: 01713987

Date: 26th September 2024
Place: Mumbai

ANNEXURE II

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2024

[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
Sunshine Tower, Level 20, Senapati Bapat Marg,
Elphinstone Road, Delisle Road, Mumbai
Maharashtra, India, 400013

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 us 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 2024, 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 2024 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 Non-Convertible Securities) Regulations, 2021;

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

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

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. 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), (to the extent of its applicability)

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)

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. The changes in the Board during the year is in accordance with the applicable provisions. As represented to us, the Company has paid settlement amount to its employees and KMPs towards employee stock options granted by Navi Technologies Limited (NTL), erstwhile ultimate holding Company to its employees based on the expert legal opinion.

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.

As per the minutes of the Board Meetings, the decisions at the Meetings were unanimous and no dissenting views have been recorded

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 applicable laws, rules, regulations and guidelines. We further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

For RSVH & Associates LLP
Company Secretaries
Registration No: L2020KR006800

Sd/-
Vinayak Hegde Partner
M.No: 28093; CP.No: 11880
Date: 08/08/2024
Place: Bangalore
UDIN: A028093F000936946

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
8th Floor, Block B, Brigade Software Park, 27th Cross Rd,
Banashankari Stage II, Banashankari,
Bengaluru, Karnataka 560070

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. Wherever 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

Sd/-
Vinayak Hegde Partner
M. No: 28093
CP. No: 11880
Date: 08/08/2024
Place: Bangalore
UDIN: A028093F000936946

ANNEXURE III

1. Company's Philosophy On Corporate Governance

Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers, government and the community. Corporate Governance is a set of systems and practices to ensure that the affairs of a company are being managed in a way which ensures accountability, transparency and fairness in all its transactions in the widest sense and meets the stakeholder's aspirations and social expectations. Corporate Governance involves continuously enhancing sustainable value generation and is an evolving objective.

Chaitanya India Fin Credit Private Limited ('the Company'/CIFCPL/ Chaitanya) recognizes its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics and accountability to its customers, government, and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

In pursuing its Mission of "Improve lives of low-income families through financial services ensuring sustainable shareholder returns", Chaitanya has been balancing its dual objectives of "social" and "financial" goals, since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings with its customers, lenders, investors and employees" have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the lenders and investors.

2. Board Of Directors

As on March 31, 2024, the Company's Board comprised of 5 (Five) members, including 2 (Two) Executive Directors, 1 (One) Non-Executive Director and 2 (Two) Independent Directors. The composition of the Board is in conformity with the provisions of the Companies Act, 2013 and Reserve Bank of India.

The Composition of the Board as on March 31, 2024:

Sr. No.	Name of the Director	DIN	Capacity (i.e., Executive/ Non-Executive/ Chairman/Promoter Nominee/Independent)
1.	Ms. Ananyashree Birla	06625036	Chairperson, Non-Executive Director
2.	Mr. Anand Rao	01713987	Executive Director
3.	Mr. Vineet Bijendra Chattree	07962531	Executive Director
4.	Mr. Natarajan Girija Shankar	07960781	Independent Director
5.	Ms. Meena Jagtiani	08396893	Independent Director

During the year, the Board met 8 (Eight) times on April 20, 2023, May 24, 2023, August 08, 2023, August 11, 2023, October 30, 2023, November 23, 2023, December 07, 2023 and February 13, 2024, and the time gap between any two of the said meetings did not exceed one hundred and twenty days.

The attendance to the meetings of the Board as on March 31, 2024:

Sr. No.	Name of the Director	Director since	Capacity (i.e. Executive / Non-Executive /Chairman/ Promoter Nominee/ Independent)	DIN	Number of Board Meetings		No. of other Directorships
					Held	Attended	
1.	Ms. Ananyashree Birla*	23/11/2023	Chairperson and Non-Executive Director	06625036	3	3	11
2.	Mr. Anand Rao	31/03/2009	Executive Director	01713987	8	8	0
3.	Mr. Vineet Bijendra Chattree*	23/11/2023	Executive Director	07962531	3	3	2
4.	Mr. Natarajan Girija Shankar**	08/12/2023	Independent Director	07960781	1	1	2
5.	Ms. Meena Jagtiani**	08/12/2023	Independent Director	08396893	1	1	5
6.	Mr. Sachin Bansal***	19/10/2021	Executive Director	02356346	6	3	5
7.	Mr. Ankit Agarwal***	06/03/2020	Executive Director	08299808	6	4	8
8.	Mr. Samit Shankar Shetty***	31/03/2009	Nominee Director	02573018	6	5	5
9.	Ms. Usha A Narayanan***	06/07/2020	Independent Director	06939539	6	6	5
10.	Mr. Ranganathan Sridharan***	18/08/2020	Independent Director	00868787	6	6	3

*Pursuant to the share purchase agreement (SPA) executed on August 8, 2023, by and amongst Navi Finserv Limited, Navi Technologies Limited and Svatantra Microfin Private Limited, Ms. Ananyashree Birla and Mr. Vineet Bijendra Chattree were appointed as Directors on the Board of the Company with effect from November 23, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.

** Mr. Natarajan Girija Shankar and Ms. Meena Jagtiani were appointed as Independent Directors on the Board of the Company with effect from December 8, 2023. The shareholders approved their appointment in the Extra-ordinary General Meeting held on December 11, 2023.

*** Pursuant to the share purchase agreement (SPA) executed on August 8, 2023, by and amongst Navi Finserv Limited, Navi Technologies Limited and Svatantra Microfin Private Limited, Mr. Sachin Bansal, Mr. Ankit Agarwal, Mr. Ranganathan Sridharan, Ms. Usha A Narayanan and Mr. Samit Shankar Shetty resigned from their directorship with effect from November 23, 2023.

3. Remuneration Of Directors

(In INR)

Sr. No	Name of the Director	Remuneration			No. of shares held in and convertible instruments held in the NBFC
		Salary and other compensation	Sitting Fee	Commission	
1.	Mr. Sachin Bansal	1	-	-	-
2.	Mr. Anand Rao	1,44,01,800	-	-	-
3.	Mr. Ankit Agarwal	-	-	-	-
4.	Mr. Samit Shankar Shetty	-	12,00,000	-	-
5.	Ms. Usha A Narayanan	-	18,00,000	-	-
6.	Mr. Ranganathan Sridharan	-	19,00,000	-	-
7.	Ms. Ananyashree Birla	-	-	-	10*
8.	Mr. Vineet Bijendra Chattree	-	-	-	-
9.	Mr. Natarajan Girija Shankar	-	1,15,000	-	-
10.	Ms. Meena Jagtiani	-	65,000	-	-

Note:

1. The Company has not issued any convertible instrument and none of the directors hold any convertible instrument.

2. *Holding on behalf of Svatantra Microfin Private Limited, the Holding Company.

4. Changes In The Composition Of The Board During The Current And Previous Financial Year

Sl No.	Name of the Director	Capacity (i.e., Executive/ Non-Executive/ Chairman / Promoter Nominee/ Independent)	Nature of change (Resignation, Appointment)	Effective Date
1.	Mr. Sachin Bansal	Executive Director	Resignation	November 23, 2023
2.	Mr. Ankit Agarwal	Executive Director	Resignation	November 23, 2023
3.	Mr. Samit Shankar Shetty	Nominee Director	Resignation	November 23, 2023
4.	Ms. Usha A Narayanan	Independent Director	Resignation	November 23, 2023
5.	Mr. Ranganathan Sridharan	Independent Director	Resignation	November 23, 2023
6.	Ms. Ananyashree Birla	Non-Executive Director	Appointment	November 23, 2023
7.	Mr. Vineet Bijendra Chattree	Executive Director	Appointment	November 23, 2023
8.	Mr. Natarajan Girija Shankar	Independent Director	Appointment	December 8, 2023
9.	Ms. Meena Jagtiani	Independent Director	Appointment	December 8, 2023

Note: There is no inter-se relation among the Directors of the Company.

5. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2024, are:

Sr. No.	Name of the Director	Capacity (i.e., Executive/ Key Managerial Person – KMP)	Designation
1.	Mr. Anand Rao	Executive Director	Managing Director
2.	Mr. Vineet Bijendra Chattree	Executive Director	Whole-Time Director
3.	Mr. Anup Kumar Gupta*	KMP	Company Secretary
4.	Mr. Abhik Sarkar	KMP	Chief Financial Officer

* Mr. Anup Kumar Gupta resigned from the post of Company Secretary & Chief Compliance Officer from the close of business hour of May 13, 2024

6. Committees Of The Company

The Company, as on March 31, 2024, had 8 (Eight) Committees;

i. Audit Committee,
ii. Nomination & Remuneration Committee,
iii. Corporate Social Responsibility Committee,
iv. Asset and Liability Management Committee,
v. Risk Management Committee,
vi. Finance Committee,
vii. Information Technology Strategy Committee and
viii. Stakeholder Relationship Committee.

Our Board has constituted sub-committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee.

The Company Secretary acts as a secretary to all the Committees of the Board. Detailed terms of reference, composition, meetings and other information of each of the Committees of the Board are detailed herein below:

i. Audit Committee

The Audit Committee of the Board consists of three members, the majority being Independent Directors. All members of the Committee are non–executive directors who are financially literate and have experience in accounting or related financial management.

The terms of reference of the Committee are in accordance with the Companies Act, 2013 and these broadly include oversight of the Company's financial reporting process and disclosure of its financial information, review of financial statements, review of compliances and review of systems and controls, approval or any subsequent modification of transactions with related parties, the recommendation for appointment, remuneration and terms of appointment of auditors of the Company. The Board has accepted all the recommendations made by the Audit Committee during the year under review.

During FY 2023-24, the Committee met 6 (Six) times on April 20, 2023, May 11, 2023, May 20, 2023, August 09, 2023, October 27, 2023, and February 11, 2024.

The composition of the Audit Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Mr. Natarajan Girija Shankar	Chairman, Independent Director
2.	Ms. Meena Jagtiani	Independent Director
3.	Ms. Ananyashree Birla	Non-Executive Director

Note: The Audit Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Audit Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/ Independent)	Number of Meetings of the Committee		No of Shares held in NBFC
			Held	Attended	
Mr. Natarajan Girija Shankar	December 08, 2023	Chairman, Independent Director	1	1	-
Ms. Meena Jagtiani	December 08, 2023	Independent Director	1	1	-
Ms. Ananyashree Birla	December 08, 2023	Non-Executive Director	1	-	10*
Ms. Usha A Narayanan	September 21, 2020	Independent Director	5	5	-
Mr. Samit Shankar Shetty	September 21, 2020	Nominee Director	5	5	-
Mr. Ranganathan Sridharan	September 21, 2020	Independent Director	5	5	-

*Holding on behalf of Svatantra Microfin Private Limited, the Holding Company.

ii. Nomination And Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee in accordance with the provisions of Section 178 of the Companies Act, 2013 and the rules made there under and in compliance with RBI's guidelines on Corporate Governance.

The terms of reference of the Committee, inter alia, include formulation of criteria for determining qualifications, positive attributes and independence of a director, recommendation of persons to be appointed to the Board and senior management, recommendation of Remuneration Policy for directors, key managerial personnel, formulation of criteria for evaluation of the performance of independent directors and the Board, devising a policy on Board diversity and such other matters as may be prescribed by Companies Act, and NBFC Regulations.

During FY 2023-24, the Committee met 2 (Two) times on April 28, 2023 & November 23 2023.

The composition of the Nomination and Remuneration Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Ms. Meena Jagtiani	Chairperson, Independent Director
2.	Mr. Natarajan Girija Shankar	Independent Director
3.	Ms. Ananyashree Birla	Non-Executive Director

Note: The Nomination and Remuneration Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Nomination and Remuneration Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/ Independent)	Number of Meetings of the Committee		No of Shares held in NBFC
			Held	Attended	
Ms. Meena Jagtiani	December 08, 2023	Chairperson, Independent Director	0	-	-
Mr. Natarajan Girija Shankar	December 08, 2023	Member, Independent Director	0	-	-
Ms. Ananyashree Birla	December 08, 2023	Member, Non-Executive Director	0	-	10*
Ms. Usha A Narayanan	September 21, 2020	Independent Director	2	2	-
Mr. Samit Shankar Shetty	September 21, 2020	Nominee Director	2	2	-
Mr. Ranganathan Sridharan	September 21, 2020	Independent Director	2	2	-

*Holding on behalf of Svatantra Microfin Private Limited, the Holding Company.

iii. Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, the Board of Directors of the Company have constituted the Corporate Social Responsibility Committee ("CSR Committee"). The Committee has formulated and recommended a CSR Policy to the Board and various recommendations of the Committee including the amount of expenditure to be incurred on CSR activities. The Committee has framed a transparent monitoring mechanism for implementation programs as per the Annual Action Plan of the Company and also monitors CSR policy from time to time.

During FY 2023-24, the Committee met 1 (one) time on May 05, 2023.

The composition of the Corporate Social Responsibility Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Ms. Meena Jagtiani	Chairperson, Independent Director
2.	Mr. Vineet Bijendra Chattree	Executive Director
3.	Mr. Anand Rao	Executive Director

Note: The Corporate Social Responsibility Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Corporate Social Responsibility Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity	Number of Meetings of the Committee		No of Shares held in NBFC
			Held	Attended	
Ms. Meena Jagtiani	December 08, 2023	Chairperson, Independent Director	-	-	-
Mr. Vineet Bijendra Chattree	December 08, 2023	Executive Director	-	-	-
Mr. Anand Rao	September 20, 2019	Executive Director	1	1	-
Mr. Ranganathan Sridharan	September 21,2020	Independent Director	1	1	-
Ms. Usha A Narayanan,	September 21,2020	Independent Director	1	1	-

iv. Information Technology Strategy Committee

Pursuant to Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices issued by RBI for NBFC Sector, the Company has constituted an IT Strategy Committee. It carries out the review & amend the IT strategies in line with the corporate strategies, Board Policy reviews, cybersecurity arrangements & any other matter related to IT Governance.

During FY 2023-24, The Committee met 2 (two) times as required under the above Master Direction on July 17, 2023 & January 31, 2024.

The composition of the Information Technology Strategy Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Mr. Natarajan Girija Shankar	Chairman, Independent Director
2.	Mr. Vineet Bijendra Chattree	Executive Director
3.	Mr. Anand Rao	Executive Director

Note: The Information Technology Strategy Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Information Technology Strategy Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e. Executive / Non-Executive/ Chairman/ Promoter Nominee/ Independent)	Number of Meetings of the Committee		No of Shares held in NBFC
			Held	Attended	
Mr. Natarajan Girija Shankar	December 08, 2023	Chairman, Independent Director	1	1	-
Mr. Anand Rao	September 21, 2020	Executive Director	2	2	-
Mr. Vineet Bijendra Chattree	December 08, 2023	Executive Director	1	1	-
Mr. Ranganathan Sridharan	September 21, 2020	Independent Director	1	1	-
Mr. Linjin T	September 21, 2020	Chief Technology Officer	2	2	-

v. Risk Management Committee

The Company has in place, the Risk Management Committee for the purpose of monitoring the risk and making suitable strategies to control it.

The terms of reference of the Committee, inter-alia, includes periodically assessing risks to the effective execution of business strategy and review key leading indicators in this regard, review and approve the Risk Management Framework, credit risk management processes, review of operational risk, information technology risk and integrity risk.

During FY 2023-24, the Committee has met 5 (Five) times on April 28, 2023, July 20, 2023, October 26, 2023, November 22, 2023, and January 31, 2024.

The composition of the Risk Management Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Mr. Natarajan Girija Shankar	Chairman, Independent Director
2.	Mr. Anand Rao	Executive Director
3.	Mr. Vineet Bijendra Chattree	Executive Director
4.	Mr. Anis Nasirullah Pathan	Chief Risk Officer

Note: The Risk Management Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Risk Management Committee Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e. Executive / Non-Executive / Chairman / Promoter Nominee / Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Natarajan Girija Shankar	December 08, 2023	Chairman, Independent Director	1	1	-
Mr. Anand Rao	December 06, 2014	Executive Director	5	5	-
Mr. Vineet Bijendra Chattree	December 08, 2023.	Executive Director	1	1	-
Mr. Anis Nasirullah Pathan	April 08, 2023	Chief Risk Officer (CRO)	5	5	-
Mr. Ranganathan Sridharan	June 18, 2021	Independent Director	4	4	-
Ms. Usha A Narayanan	June 18, 2021	Independent Director	4	4	-

vi. Asset & Liability Management Committee

Pursuant to the RBI Guidelines, the Company has in place, an Asset and Liability Management Committee. The Committee comprises of senior executives of the Company.

Asset and Liability Management Committee monitors the market risk levels of the company by ensuring adherence to the various risk limits set by the Board, strategize action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as deciding the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives, & funding strategies.

During FY 2023-24, the Asset and Liability Management Committee met 4 (Four) times on April 25, 2023, July 21, 2023, October 25, 2023, and February 02, 2024.

The composition of the Asset and Liability Management Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Mr. Anand Rao	Executive Director
2.	Mr. Vineet Bijendra Chattree	Executive Director
3.	Mr. Abhik Sarkar	Chief Financial Officer
4.	Mr. Anis Nasirullah Pathan	Chief Risk Officer

Note: The Asset and Liability Management Committee was re-constituted with effect from December 08, 2023.

The attendance to the meetings of the Asset and Liability Management Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e. Executive / Non-Executive/ Chairman/ Promoter Nominee/ Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Anand Rao	September 21, 2020	Chairman, Executive Director	4	4	-
Mr. Abhik Sarkar	September 21, 2020	Chief Financial Officer	4	4	-
Mr. Anis Nasirullah Pathan	April 08, 2023	Chief Risk Officer (CRO)	4	4	-
Mr. Vineet Bijendra Chattree	December 08, 2023	Executive Director	1	1	-

vii. Finance Committee

The Finance Committee of the Company is responsible for managing the company's daily activities, which includes borrowing money, investing funds, granting loans, providing guarantees and providing security in respect of loans, assignments, and securitization transactions.

During FY 2023-24, the Committee met 34 (Thirty-Four) times.

The composition of the Finance Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Mr. Anand Rao	Executive Director
2.	Mr. Vineet Bijendra Chattree	Executive Director

Note: The Finance Committee was re-constituted with effect from November 23, 2023.

The attendance to the meetings of the Finance Committee as on March 31, 2024:

Name of the Director	Member of Committee since	Capacity (i.e. Executive/Non-Executive/ Chairman/ Promoter Nominee / Independent)	Number of Meetings of the Committee		No. of shares held in the NBFC
			Held	Attended	
Mr. Anand Rao	March 05, 2016	Executive Director	34	34	-
Mr. Ankit Agarwal	September 21, 2020	Executive Director	22	22	-
Mr. Vineet Bijendra Chattree	November 23, 2023	Executive Director	12	12	-

viii. Stakeholder Relationship Committee

The Company has in place a Stakeholder Relationship Committee in accordance with the provisions of Section 178 of Companies Act, 2013. The Board has been constituted the Stakeholder Relationship Committee on February 13, 2024.

The Stakeholders Relationship Committee resolve the grievance which is related to the security holders including complaints related to transfer/transmission of securities, non-receipt of annual report, non-receipt of declared dividend / interest amount / redemption payment etc. and review the measures taken for effective exercise of voting rights by security holders.

The composition of the Stakeholders Relationship Committee as on March 31, 2024:

Sr. No.	Name of Director	Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter Nominee/Independent)
1.	Ms. Ananyashree Birla	Chairman, Non-Executive Director
2.	Mr. Vineet Bijendra Chattree	Executive Director
3.	Mr. Anand Rao	Executive Director

7. Separate Meeting Of The Independent Directors

Schedule IV of the Companies Act, 2013 and the Rules thereunder mandate that the Independent Directors of the Company shall hold at least one meeting in a year, without the presence of Non-Independent Directors and the members from the Management.

During the year under review, a separate meeting of Independent Directors was held on March 01, 2024,

8. Declaration By Independent Director

The Company has two Independent Directors on the Board and during the year under review. Pursuant to the provisions of Section 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 2023-24, there has been no change in the circumstances affecting their status as Independent Directors of the Company.

The Company has also received necessary undertaking and declaration from each director as per extant guidelines of Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, as amended from time to time.

9. General Body Meetings

The details of the General Meetings (GMs) of the shareholders held during the Financial Year 2023-24 are as follows:

Sl No.	Type of meeting	Date	Venue	Special Resolutions passed
1.	Extra Ordinary General Meeting	June 19, 2023	8th Floor, B Block, Brigade Software Park, 27th Cross, Banashankari 2nd Stage, Bengaluru – 560070, Karnataka, India	1. To increase the Borrowing Limit of the Company under Section 180(1)(c) of the Companies Act, 2013. 2. To approve mortgage / pledge / hypothecate / create charge on the assets of the Company under Section 180(1)(a) of the Companies Act, 2013. 3. To raise funds through the issue of Non-Convertible Debenture on Private Placement Basis.
2.	Annual General Meeting	September 15, 2023	8th Floor, B Block, Brigade Software Park, 27th Cross, Banashankari 2nd Stage, Bengaluru – 560070, Karnataka, India	1. To Consider and approve the alteration to the Articles of Association (AOA) of the Company. 2. To appoint a Director in place of Mr. Ankit Agarwal (DIN: 08299808) who retires by rotation and being eligible. Offers himself for re-appointment. 3. To consider and approve the Alteration of the Article of Association (AOA) of the Company.
3.	Extra Ordinary General Meeting	December 11, 2023	8th Floor, B Block, Brigade Software Park, 27th Cross, Banashankari 2nd Stage, Bengaluru – 560070, Karnataka, India	1. Appointment of Ms. Ananyashree Birla **(DIN: 06625036)** as Director of the Company. 2. Appointment of Mr. Vineet Bijendra Chattree **(DIN: 07962531)** as Director and Whole-time Director of the Company. 3. Appointment of Mr. Natarajan Girija Shankar **(DIN: 07960781)** as a Director and Independent Director. 4. Appointment of Ms. Meena Jagtiani **(DIN: 08396893)** as a director and Independent Director. 5. Shifting of registered office from the State of Karnataka to the State of Maharashtra.

10. Details Of Non-Compliance With Requirements Of Companies Act, 2013

During FY 2023-24, there was no default in compliance with the requirements of the Companies Act, 2013, including the compliance with respect to the Accounting and Secretarial Standards.

11. Details Of Penalties And Strictures

During FY 2023-24, no penalties and/or 'strictures' has been imposed on the Company by the Reserve Bank of India or any other statutory authority or regulator.

12. Secretarial Standards Of ICSI

The Company is in compliance with the applicable Secretarial Standards on Meetings of the Board of Directors (SS - 1) and General Meetings (SS - 2) issued by The Institute of Company Secretaries of India.

13. Review Of Compliance Reports

The Board periodically reviews compliance reports with respect to the various laws applicable to the Company, as prepared and placed before it by the Management.

14. General Shareholder Information

i. 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.

ii. 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.

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

iv. Payment of Listing Fees
The Annual Listing fee for the year 2023-24 was paid on April 20, 2023, to the Bombay Stock Exchange (BSE).

v. SEBI Complaints Redress System (Scores)
The investor complaints are processed in a centralized web-based complaints redress system by the Securities Exchange Board of India for debt listing. The salient features of this system are the 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. During the year under review, the Company has received a complaint and redressed the same.

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

Sd/-
Ananyashree Birla
Chairperson
DIN: 06625036

Date: September 26, 2024
Place: Mumbai

ANNEXURE IV

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure And Developments.

As on March 31,2024 NBFC MFI industry GLP has increased by 24.5% Y-o-Y basis as compared to 31 March 2023.

Based on data as on 31 March 2024 (Q4 FY 23-24), microfinance industry has total loan portfolio (i.e., loan amount outstanding) of Rs 4,33,697 Crores, including DPD 180+ portfolio of Rs 34,341 Crores. The total number of active loans accounts were 14.9 Crores with 7.8 Crores unique borrowers as on 31 March 2024. The YoY (31 March 2023 to 31 March 2024) growth of GLP is 24.5%.

As on 31 March 2024, NBFC-MFIs are the largest provider of micro-credit with a loan amount outstanding of Rs 1,70,903 Crores, accounting for 39.4% to total industry portfolio. Banks hold the second largest share of portfolio in micro-credit with total loan outstanding of Rs 1,44,022 Crores, which is 33.2% of total micro-credit universe. SFBs have a total loan amount outstanding of Rs 74,278 Crores with total share of 17.1%. NBFCs account for another 9.3% and Other MFIs account for 0.9% of the universe.
Source: MFIN Micrometer

Outlook for Microfinance Industry in India
Ind-Ra has maintained a neutral outlook on the microfinance sector while keeping the rating Outlook as Stable for FY25. Ind-Ra expects the participants to maintain growth momentum at similar levels of FY24. Delinquency levels continue to improve on a Y-O-Y basis. The slight uptick in 3QFY24 was mainly due to the stress in Punjab and Haryana amid the ongoing farmer protest in the region and a mild increase in early delinquencies in some of the districts of Tamil Nadu due to floods. The agency opines this will only have a moderate impact on delinquencies for one or two quarters. Thus, Ind-Ra expects continued normalised delinquencies in FY25, in the absence of any major negative event playing out. There were no major disruptions in operations in FY24, despite some of the major state facing elections during the year. However, Ind-Ra remains cautious of the ongoing farmer protest in Punjab and the cascading effect of that in other states till the general elections.
Note: Data source -India Rating & Research

ICRA Ratings- ICRA carries a Stable outlook on the sector as it expects healthy growth and profitability ICRA expects the AUM growth of NBFC-MFIs to remain healthy in FY2024-FY2025, but lower than the highs seen in FY2023. ICRA expects NBFC-MFIs to report RoMA (Return on average managed assets) of 3.2-3.4% in FY2024, with the same projected to improve further to 3.3-3.5% in FY2025.

Outlook for Chaitanya India
Chaitanya has seen a healthy portfolio growth of 37% Y-o-Y with 99.15% Collection efficiency in March-2024, Client base has grown by 28% Y-o-Y and overall PAR 30-180 slightly increased to 0.48% in March 2024 as compared to 0.19% in March 2023, PAR 90-180 increased to 0.25% in March-2024 from 0.09% in March-2023.

Chaitanya is currently operating in 12 states and having 17.4 lakhs customer base as on Mar 2024.

Risk & Concerns

Economic Updates:
RBI MPC in April 2024 has decided unanimously to keep the policy repo rate unchanged at 6.5%. It maintains the withdrawal of accommodation stance to ensure that inflation aligns with RBI's target level while supporting growth.

Inflation
RBI Governor stated that growth inflation dynamics have played out favourably with headline inflation easing in Jan and Feb to 5.1% from earlier peak of 5.7%. He further stated that the CPI inflation has steadily been on a downward trajectory for the last few months while the fuel CPI has been in deflation.

MPC kept its CPI target for the coming fiscal unchanged at 4.5%. Quarterly projection is Q1-4.9%, Q2-3.8%, Q3-3.6%, Q4-4.5%.

Gross domestic product (GDP)
RBI governor highlighted that with rural demand catching up, consumption is expected to support growth in FY-2025 and projected real GDP growth for FY-2025 at 7% with risks equally balanced across quarters. Quarterly projection is Q1- 7.1%, Q2- 6.9%, Q3- 7% and Q4-7%.

MPC further stated that Banks, NBFCs and other financial entities must continue to give highest priority to governance and adherence to regulatory guidelines

The liquidity situation has improved in March with system liquidity turning intermittently surplus. RBI conducted 14 VRRR operations in Feb-March to absorb intermittent seasonal liquidity.

Unemployment rate in India increased to 8% in February 2024 from 6.8% in January 2024, according to CMIE's Consumer Pyramids Household Survey. While the unemployment rate eased in urban India, it rose substantially in rural India. CIFCPL will monitor these developments closely and assess their potential impact on its operations and risk exposure.

Key Risk Concern:
Climate change & Weather Risk:
Amid concerns over the absence of snowfall and rains over the hills this season, the India Meteorological Department (IMD) expects the persisting El Nino conditions to turn 'neutral' prior to the start of monsoon season in June. Neutral El Nino conditions imply that it would not have an adverse impact on the monsoon rains next season. IMD will be releasing the first forecast for 2024 monsoon (June-September) in April. The next monsoon rains are crucial for Indian agriculture and more than 70% of the country's annual precipitation is received during four months.

In the preliminary monsoon forecast guidance for 2024, private weather forecaster Skymet has stated that the upcoming monsoon to be 'normal'. "This could be one of the decent normal monsoon years, making a sturdy start and finishing around the midway mark of normal range of 96-104% of long period average. "The monsoon disrupting weather pattern El Nino, which dragged monsoon 2023 to 'below normal' is expected to get softened.

Given that a significant portion of our customer base relies on agricultural and allied incomes, any disruption in monsoon conditions has the potential to severely impact their primary source of income. This, in turn, exposes us to heightened credit risk, as our customers may face difficulties in repaying their loans due to decreased agricultural productivity or income instability resulting from adverse weather conditions during the monsoon season.

Social & Political Risk:
Upcoming Assembly Elections & Local Issue:
The electoral process presents potential operational challenges for the microfinance sector, particularly concerning cash flow management at both the Customer Relationship Executive (CRE) and Business Correspondent levels. Any disruptions in cash management procedures could impede the timely disbursement and repayment of loans, thereby increasing the credit risk for Microfinance Institutions (MFIs).

However, the Microfinance Institutions Network (MFIN) has provided Election Standard Operating Procedures (SOP) and instructional videos on dealing with agencies during elections, which MFIs are required to adhere to strictly.

Additionally, sporadic local issues like the "Karja Mukti Abhiyan" in certain parts of the country may result in credit losses due to customers being influenced by fraudulent practices. CIFCPL and MFIN have implemented necessary measures to mitigate the impact of such fraudulent activities and ensure that customers are informed and educated about such risks.

Moreover, issues such as farmer protests and other demonstrations in specific regions, such as Punjab and Haryana, may affect collection operations. It's worth noting that CIFPL is not currently operational in the Punjab region and has a limited presence in Haryana.

Regulatory risk:
The unsecured nature of loans disbursed under Microfinance inherently exposes them to credit risk. A recent observation from the RBI has raised concerns about unsecured loans and suggested increasing Risk-Weighted Assets (RWA) for unsecured loans, although this directive is not applicable for Microfinance Institutions (MFIs) providing Joint Liability Group (JLG) loans. It's worth noting that the exposure of our organization, CIFCL, to Non-JLG loans is minimal.

Moreover, increased media attention due to sporadic cases of suicide by some MFI customers, purportedly linked to collection practices, may attract regulatory scrutiny for the MFI industry as a whole.

CIFCPL understands the importance of ensuring ethical and responsible lending practices within the microfinance sector to mitigate potential regulatory intervention and safeguard the well-being of borrowers.

Systemic Risk
The microfinance industry's portfolio exhibits notable concentration in specific states, with the top 5 states - Bihar, Tamil Nadu, Uttar Pradesh, Karnataka, and West Bengal - collectively holding 57% of the total sectoral portfolio, as reported by Sa-Dhan. In states like Tamil Nadu and Karnataka, where microfinance penetration is particularly high, elevated loan rejection rates are observed. This trend is primarily attributed to borrowers being highly leveraged, raising concerns about the potential for a crisis akin to the one witnessed in Andhra Pradesh, which could impact the industry, particularly in select geographical areas.

In addition to regional concentration risks, other systemic risks such as pandemics and widespread natural calamities may also pose significant threats to our MFI operations, exposing us to heightened credit risk. It's imperative for us to proactively identify and assess such risks, implement robust risk management strategies, and maintain sufficient contingency plans to mitigate potential adverse impacts on our operations and financial health. This proactive approach will enable us to navigate through uncertain times effectively and safeguard our organization against systemic risks.

Risk Management Practices
The Company has implemented an Enterprise Risk Management (ERM) approach to comprehensively address and mitigate the various risks it faces. This ERM framework encompasses the identification, assessment, prioritization, and management of risks across all aspects of the organization.

Within this framework, the Risk Management Committee, established by the Board of Directors, plays a pivotal role. The Committee oversees the development and implementation of the ERM strategy, ensuring alignment with the Company's objectives and risk appetite. It conducts regular reviews of the risk management policy and plan, evaluating their effectiveness and making adjustments as necessary to adapt to evolving risk landscapes.

Furthermore, the ERM framework assigns clear accountability to designated risk owners who are responsible for identifying, assessing, and managing risks within their respective areas of operation. These risk owners work closely with the Risk Management Committee to ensure a coordinated and proactive approach to risk management throughout the organization.

In addition to internal risk management processes, the Company has procured various insurance policies, such as Directors and Officers insurance and Cyber Insurance, to provide an additional layer of protection against specific risks.
Overall, the integration of ERM practices into the Company's operations enhances its ability to anticipate, assess, and respond to risks effectively, thereby safeguarding its financial health, reputation, and long-term sustainability.

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.

Favourable regulatory environment:

The regulatory framework set by the RBI for microfinance loans is being seen as a positive development by microfinance institutions and lenders. The ability to fix interest rates, Co-lending on loans & serving the eligible customers having income >3,00,000 under NQA (Non-qualifying asset) will deepen the penetration of micro-credit in the country and provide borrowers with greater access to credit. The regulatory environment is favourable for the industry, enabling customers to make informed decisions regarding their credit needs. Overall, the regulatory framework is a significant strength for microfinance institutions and lenders in India.

THREATS

Localised Political Disruptions

As the assembly elections in India approach, there are growing concerns about potential impacts on loan repayment behaviour. Political parties frequently make promises of loan waivers to garner support from voters. However, there's a recognition that this disruption might be short-lived due to the increasing financial awareness among borrowers.

Climate change and Weather Risk:

The escalation in climactic events poses a growing threat to the lives and livelihoods of microfinance customers, necessitating attention. While customers typically recover from such events, the increasing frequency and severity of natural disasters impacting their livelihoods are concerning. Consequently, the sector is exploring solutions like Natural Calamity insurance to safeguard both customers and stakeholders.

Systemic events:

The top five states, including Bihar, Tamil Nadu, Uttar Pradesh, Karnataka, and West Bengal, collectively account for 57% of the microfinance portfolio. In regions like Tamil Nadu and Karnataka, where microfinance is prevalent, there's a notable uptick in loan rejection rates due to borrowers' high indebtedness, raising concerns reminiscent of the Andhra Pradesh crisis in specific areas.

Regulatory Changes:

CIFCPL remains vigilant regarding regulatory changes that may necessitate adjustments to its business strategy for compliance. Such shifts often entail infrastructural adaptations, potentially incurring capital expenses. We prioritize monitoring regulatory developments and aim to develop adaptable infrastructure to seamlessly align with future regulatory requirements.

Competition from Digital Lender: The increasing competition from digital lending platforms, alongside broader internet accessibility, poses a significant risk. Despite this, our customer base's rural nature and our deep rural strategy have thus far safeguarded us from substantial market share losses. We remain vigilant, continuously assessing our competitive stance, and exploring ways to leverage digital innovations while staying true to our customer-centric approach.

Operational Highlights

In the Financial year 2023-24 Chaitanya has grown to Rs 6,713 Crores with the growth of around 37% across the 12 states and 196 district of the country. This growth is in line with our strategic objective of maintaining a geographically diversified portfolio.

The company ended the year with 848 branches, majorly the new branches expansion was in the newer geography.
The workforce of Chaitanya has expanded from 6,498 to 8,701 employees over the past year. Our customer base grew significantly to 17.4 lakhs, marking a growth of over 27% from the previous year. Average outstanding per customer increased to Rs. 38,536.

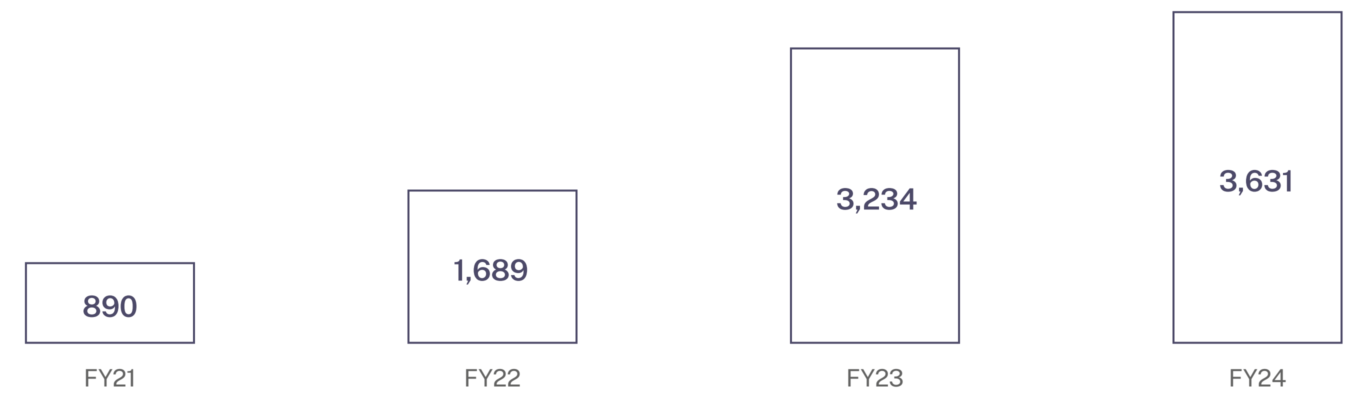
The growth in the portfolio is accompanied with improved operational efficiency with a decrease in operating costs to 6.88%, down from 7.5% in the previous year. The company ended the year with a PAT of Rs 295.74 Crores a growth of over 99% over the previous year.

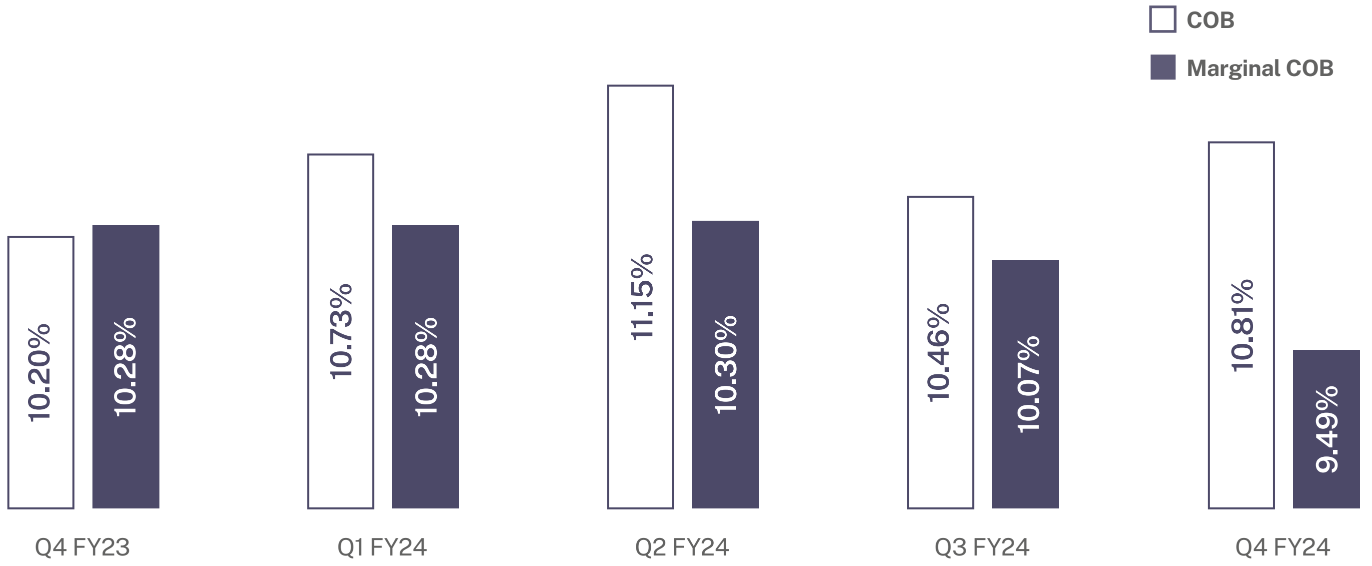
Particulars	FY 2022	FY 2023	FY 2024
No. of states covered	10	12	12
No. of districts covered	131	183	196
No. of branches	474	713	848
No. of employees	4.292	6.498	8.701
No. of active customers	8.1 lakhs	13.7 lakhs	17.4 lakhs
Total AUM in INR (crores)	2,654	4,910	6,720
Operating Cost Ratio	8.20%	7.50%	6.88%

Financial Performance With Respect To Operational Performance

Particulars	FY 2022	FY 2023	FY 2024
Total income	20.89%	21.13%	22.58%
Financial cost	7.58%	7.35%	7.34%
Net margin	13.31%	13.78%	15.24%
Operating cost	7.91%	7.51%	6.88%
Credit Cost	1.33%	0.93%	1.39%
ROA	3.02%	4.11%	5.29%
ROE	14.34%	25.03%	32.65%
Debt Equity ratio	5.1 times	4.8 times	4.1 times

Borrowing in Crores





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 that is independent of the management and is reporting to the Audit Committee is in place and ensures that the audit of all functions is periodically covered to ensure adherence to laid down policies and procedures, safeguarding assets and the creation of quality portfolio of the Company. In addition, a reputed external audit firm has been appointed for the internal financial control testing, and they assist the Management in creating an effective and robust risk control matrix (RCM) and testing of the various financial risks & mitigation mechanisms.

The Audit Committee meets every Quarter and reviews the internal audit reports along with the reports on frauds, deviations, customer grievances, related party transactions, etc. of the previous quarter.

Segment Wise Or Prodcut Wise Performance

Joint Liability Group (JLG)

JLG portfolio of Chaitanya has significantly expanded with catering to 1.74 million customers as of March 2024, marking a 27% increase from the 1.37 million customers in March 2023. This growth has driven the JLG portfolio from Rs 4900 crore in March 2023 to Rs 6700 crores in March 2024, reflecting a 37% increase and highlighting the high quality of the portfolio.

Simultaneously, the company has expanded its branch network, adding 236 branches, a 33% increase over the year, bringing the total number of branches from 705 in March 2023 to 843 in March 2024. Additionally, the company has seen a 37% growth in Customer Relationship Executives (CREs), reaching a total of 5396 CREs by March 2024.

Non-Joint Liability Group

The non-JLG portfolio has increased by 22%, rising to Rs 13.03 crore from Rs 10.67 crore, driven largely by retail loans, which have grown by 67% to Rs 10.3 crore. The proportion of retail loans within the non-JLG portfolio has surged from 58% to 79%. While focusing on the retail loans, we've been limiting the other segments of the non-JLG portfolios.

Material Developments In Human Resources / Industrial Relations Front, Including The Number Of People Employed

In the pursuit of fostering an inclusive environment, the HR Department has endeavored to create an enriching experience for our expanding workforce. Projects undertaken have been meticulously crafted with the well-being of employees at the forefront. It is reaffirmed that the organization's ethos aligns with employees' aspirations, thereby driving us closer to realizing our organizational vision. The talent acquisition team has strategically focused on cultivating a youthful workforce to support our expansion plans for the forthcoming fiscal year. It has been a year of significant growth, progress, and innovation within our human resources department, reflecting our commitment to nurturing our workforce and driving organizational success.

Key Achievements:

- Our CRE count witnessed a remarkable increase for FY 2023-24, marking a commendable 34% year-on-year growth.
- There was an impressive 93% year-on-year increase in total female count, demonstrating our dedication to fostering diversity and inclusion within our workforce
- Successful implementation of new modules in our HR Management System (HRMS), including NDC, exit survey, promotion, and transfer functionalities. These enhancements streamline our HR processes, ensuring efficiency and transparency in our operations
- In line with our commitment to leveraging technology, we digitized the loan officer onboarding process using recruitment software, our recruitment software. This digital transformation enhances the onboarding experience for our employees while optimizing our recruitment workflows.

Process Improvements:

To drive efficiency and reduce administrative burdens, the joining forms were digitized, thereby streamlining paperwork and simplifying file management processes.

New Initiatives:

The HR department introduced several new initiatives aimed at enhancing risk management, compliance, and financial transparency. These initiatives not only bolster the internal processes but also reaffirms the department's dedication to upholding industry standards and best practices. The following highlights the key new initiatives undertaken by the HR department during the fiscal year, reflecting our ongoing efforts to drive organizational growth and sustainability.

Risk Control Self-Assessment (RCSA): RCSA for the HR department was introduced to identify risks and develop corrective measures and action plans. This initiative strengthens the HR department's risk management framework, ensuring proactive risk mitigation strategies are in place.

ISO and Audit Compliance: All the ISO and audit-recommended policies were implemented to ensure adherence to industry standards and best practices.

Employee Engagement:

At Chaitanya India Fin Credit Pvt Ltd, we recognize that engaged employees are the cornerstone of organizational success. With this in mind, we have implemented a range of initiatives aimed at fostering a culture of engagement and empowerment among our workforce. From promoting employee well-being through health camps to facilitating professional development opportunities, our commitment to enhancing employee engagement remains steadfast.

Health Camps: We organized health camps offering basic health tests and specific health screenings to detect early signs of chronic illnesses, including dental check-ups promoting employee well-being.

Diverse Engagement Activities: We revamped our employee engagement activities, incorporating diverse festivities celebrations which included dance, singing, DJ sessions, and team-building activities aligned with themed celebrations.

Knowledge Forum Sessions: We conducted in-house knowledge forum sessions on various topics, providing employees with opportunities for professional and personal growth. Topics included stock market trading, Tableau, and advanced Excel training, offered free of cost to employees.

Open Space Training Program: We facilitated open space training programs for our employees at the Bangalore head office, enabling collaborative problem-solving and fostering a culture of continuous improvement within the organization.

In conclusion, the HR initiatives have not only driven employee satisfaction and engagement but also contributed significantly to the overall success of Chaitanya India Fin Credit Pvt Ltd. As we move forward, we remain dedicated to continually advancing our HR practices, ensuring that our employees are supported in their growth and development, and ultimately, contributing to the achievement of our organizational goals.

Information Technology

During the reporting period, our IT department made significant advancements in multiple areas, demonstrating our commitment to innovation and operational excellence. One notable achievement was the enhancement and stabilization of our Loan Management System, with a specific focus on improving accessibility for field staff (“Foot on Street”). By optimizing the user interface and streamlining mobile-friendly features, we streamlined loan processing and improved overall efficiency.

Additionally, our audit platform underwent a comprehensive upgrade, enhancing reporting capabilities and strengthening compliance measures. This initiative reflects our dedication to robust risk management practices and regulatory adherence. In tandem, we successfully streamlined our conveyance platform, leveraging automation to expedite approval workflows and enhance user experience.

The incorporation of treasury management functionalities into our existing systems marked another significant milestone. This integration provided improved cash flow visibility and forecasting accuracy, supporting informed decision-making across the organization. Furthermore, our recruitment management software was successfully deployed as a primary tool for field recruitment, optimizing candidate tracking and onboarding processes.

A key focus for our IT department was the standardization of software project management practices. By implementing consistent methodologies across all projects, we achieved improved delivery timelines and project quality. Moreover, we developed structured short video trainings for each module and platform, facilitating user adoption and proficiency. Automation played a pivotal role in our initiatives, particularly in integrated user management and ticketing systems for IT support. Our IT call center and automated ticket management system significantly improved responsiveness to IT issues, ensuring prompt resolution and user satisfaction. These automated processes not only enhanced efficiency but also strengthened our way of resolving and tracking tickets.

Extensive upgrades were undertaken in our cybersecurity framework, including compliance with ISO27001 standards for policy, process, and governance.

In alignment with industry best practices, we incorporated the latest DevOps mechanisms and tools for code review, fostering collaboration and enhancing code quality.

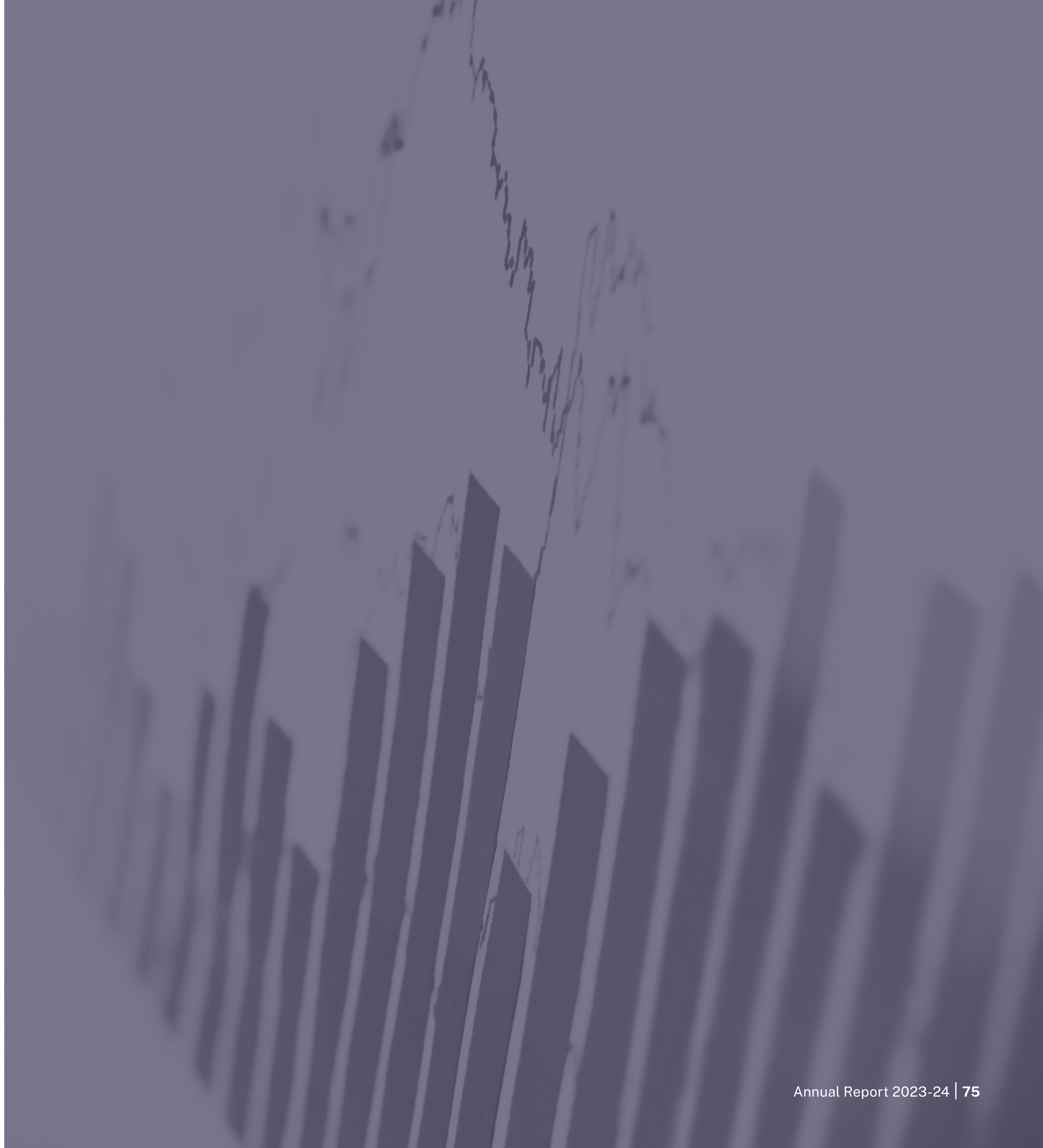
In conclusion, these achievements underscore our unwavering commitment to leveraging technology for organizational growth and security. Looking ahead, we remain dedicated to continuous improvement and innovation, supporting our organization’s strategic objectives with efficiency and resilience.

This report encapsulates the transformative impact of our IT initiatives and sets the stage for future advancements in technology and operational excellence within our organization.

Sd/-
Ananyashree Birla
Chairperson
DIN: 06625036

Date: September 26, 2024
Place: Mumbai

Financial Statements



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, 2024, 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 material 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, 2024 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.

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 material 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 2024, the Company has reported gross loan assets of Rs. 5,25, 169.27 lakhs against which an impairment loss of Rs. 12,224.10 lakhs 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'. 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 and classified as Standard Assets as per IRAC Norms. • 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 and classified as Standard Assets as per IRAC Norms. • If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days or classified as Non-Performing Assets as per IRAC Norms. 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.	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; • 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 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 "Risk Management" disclosed in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

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 Directors' Report, but does not include the Standalone Financial Statements and our auditor's report thereon. The Directors' 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 Directors' 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 Indian 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 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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, 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.

vi. According to the information and explanations given to us by the Company and based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software.

During the course of our audit, we did not come across any instances of audit trail feature being tampered with.
As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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

Sd/-
GEORGY MATHEW
Partner
M. No. 209645

Place: Bengaluru
Date: 16-05-2024

UDIN: 24209645BKATLJ3849

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, 2024 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, 2024, 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

Sd/-
GEORGY MATHEW
Partner
M. No. 209645
UDIN: 24209645BKATLJ3849

Place: Bengaluru
Date: 16-05-2024

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, 2024 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 treated as a middle layer 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) INR 1000 Crores and above (by virtue of Master Direction - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 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. Lakhs)	Interest overdue (Rs. Lakhs)	Total overdue (Rs. Lakhs)
17,467	667.06	107.56	774.62

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 treated as a middle layer 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) INR 1000 Crores and above (by virtue of Master Direction – Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 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, 2024 for a period of more than six months from the date they became payable except as mentioned below:

Nature of the Statute	Nature of dues	Period for which the amount relates to	Amount	Total overdue (Rs. Lakhs)
The Gujarat State Tax on Profession, Trades, Callings and Employment Act, 1976	Professional Tax	April 1, 2023 to September 30, 2023	0.73	-

b. We are informed that there are no dues which have not been deposited on account of any dispute as at March 31, 2024, except for the following:

Nature of the Statute	Nature of dues	Amount of dues (Rs. Lakhs)	Amount paid under protest (Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	82.49	16.40	FY 2014-15	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	48.25	9.60	FY 2015-16	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	44.80	-	FY 2019-20	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	26.43	-	FY 2021-22	Commissioner of Income-tax (Appeals), Bangalore
The Income Tax Act, 1961	Income Tax	0.72	-	FY 2020-21	Assessing Officer, CPC, Income Tax, 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.

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). However, during the year, the Company has made rights issue of equity shares to its existing shareholders and the requirements of section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised.

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. 74 of the Standalone Financial Statements.

b. 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.

c. There were no whistle blower complaints received by the Company during the year (and upto the date of this report).

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 section 177. 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. The Company has not entered into any transactions with related parties which required compliance with the section 188.

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 was no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable for the year.

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.

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

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

Sd/-
GEORGY MATHEW
Partner
M. No. 209645

Place: Bengaluru
Date: 16-05-2024

UDIN: 24209645BKATLJ3849

Balance Sheet as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
I ASSETS			
1 Financial assets			
Cash and cash equivalents	4	32,403.40	34,162.00
Bank balance other than cash and cash equivalents	5	6,842.59	2,085.98
Receivables :			
i) Other receivables	6	0.73	4.50
Loans	7	5,12,945.17	3,78,062.40
Investments	8	11,559.93	13,478.24
Other financial assets	9	10,482.14	6,310.19
2 Non-financial assets			
Deferred tax assets (net)	10	1,253.10	889.56
Property, plant and equipment	11	2,007.20	1,424.70
Right of use assets	12	635.16	529.28
Other intangible assets	13	358.13	168.60
Other non-financial assets	14	3,846.65	2,008.16
Total assets		**5,82,334.20**	**4,39,123.61**
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables			
(I) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		3.82	1.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	884.61	1,365.10
(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	-	-
Debt securities	17	31,826.58	15,870.50
Borrowings (other than debt securities)	18	3,94,335.33	3,10,579.00
Subordinated liabilities	19	20,477.27	20,305.80
Lease liabilities (Refer Note 41)		661.98	554.70
Other financial liabilities	20	19,433.11	14,564.10
2 Non-financial liabilities			
Current tax liabilities (net)		107.92	50.60
Provisions	21	3,018.14	2,336.80
Other non-financial liabilities	22	1,960.92	1,371.60
Total liabilities		**4,72,709.68**	**3,66,999.90**
3 EQUITY			
Equity share capital	23	15,766.67	14,516.67
Other equity	24	93,857.85	57,607.04
Total equity		**1,09,624.52**	**72,123.71**
Total liabilities and equity		**5,82,334.20**	**4,39,123.61**

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

Sd/-
Vineet Bijendra Chattree
Whole Time Director
DIN No. 07962531
Bengaluru
16.05.2024

Sd/-
Anand Rao
Managing Director
DIN: 01713987
Bengaluru
16.05.2024

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
16.05.2024

Sd/-
Neeraj Jain
Company Secretary
Membership No: 12273
Bengaluru
16.05.2024

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

Sd/-
Georgy Mathew
Partner
Membership No. 209645
Bengaluru
16.05.2024

Statement of Profit and Loss for the year ended March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

		Particulars	Notes	For the year ended March 31, 2024	For the year ended March 31, 2023
		Revenue from operations			
	(i)	Interest income	25	107,156.02	65,660.30
	(ii)	Fees and commission income	26	278.30	250.60
	(iii)	Net gain on fair value changes	27	969.01	819.88
	(iv)	Net gain on de-recognition of financial instruments under amortised cost category	28	16,090.52	8,823.40
	(v)	Other operating income	29	1,583.84	775.10
(I)		**Total revenue from operations**		**126,077.69**	**76,329.28**
(II)		Other income	30	120.40	7.90
(III)		**Total income (I + II)**		**126,198.09**	**76,337.18**
		Expenses			
	(i)	Finance costs	31	41,032.40	26,553.82
	(ii)	Impairment of financial instruments	32	7,793.47	3,371.80
	(iii)	Employee benefits expenses	33	22,891.77	16,732.00
	(iv)	Depreciation and amortisation expenses	34	723.47	769.50
	(v)	Other expenses	35	14,862.73	9,622.45
(IV)		**Total expenses**		**87,303.84**	**57,049.57**
(V)		**Profit before exceptional items and tax (III - IV)**		**38,894.25**	**19,287.61**
(VI)		**Exceptional items**		**-**	**-**
(VII)		**Profit before tax (V - VI)**		**38,894.25**	**19,287.61**
(VIII)		**Tax expense:**	**36**	**9,320.27**	**4,452.30**
		(1) Current tax		9,726.57	4,466.40
		(2) Prior Period tax		-	(25.10)
		(3) Deferred tax		(406.30)	11.00
(IX)		**Profit for the year from continuing operations (VII - VIII)**		**29,573.98**	**14,835.31**
(X)		**Profit for the year (IX)**		**29,573.98**	**14,835.31**
(XI)		**Other comprehensive income**			
		(i) Items that will not be reclassified to profit or loss		(6.08)	(21.40)
		(ii) Income tax relating to items that will not be reclassified to profit or loss		1.53	5.40
		Subtotal (A)		**(4.55)**	**(16.00)**
		(i) Items that will be reclassified to profit or loss		176.58	(71.20)
		(ii) Income tax relating to items that will be reclassified to profit or loss		(44.44)	17.90
		Subtotal (B)		132.14	(53.30)
		Other comprehensive income		**127.59**	**(69.30)**
(XII)		**Total comprehensive income for the year (X + XI)**		**29,701.57**	**14,766.01**
(XIII)		**Earnings per equity share (EPS) (face value of ₹ 10.00 each)**	37		
		Basic (₹)		19.07	11.05
		Diluted (₹)		19.07	11.05

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

Sd/-
Vineet Bijendra Chattree
Whole Time Director
DIN No. 07962531
Bengaluru
16.05.2024

Sd/-
Anand Rao
Managing Director
DIN: 01713987
Bengaluru
16.05.2024

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
16.05.2024

Sd/-
Neeraj Jain
Company Secretary
Membership No: 12273
Bengaluru
16.05.2024

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

Sd/-
Georgy Mathew
Partner
Membership No. 209645
Bengaluru
16.05.2024

Cash Flow Statement for the year ended March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A	**Cash flow from operating activities**		
	Profit before tax	38,894.25	19,287.60
	ESOP expenses credited to ESOP reserve	299.28	-
	Contribution to employee stock option scheme	126.47	332.40
	Depreciation and amortisation	723.47	769.50
	Income on lease termination	(41.37)	-
	Interest expense on lease liability	71.71	37.00
	Loss/(gain) on sale of property, plant and equipment (net)	4.43	-
	Impairment of financial instruments	7,793.47	3,371.80
	EIR adjustment on financial instruments	230.52	133.80
	Net change in fair value of loans measured at fair value through other comprehensive income	176.58	(71.20)
	Net gain on sale of mutual funds	(993.75)	(786.10)
	Net gain on fair value changes on investment	24.74	(22.20)
	Gain on sale of loan portfolio through assignment	(16,090.52)	(8,823.40)
	Operating profit before working capital changes	**31,219.28**	**14,229.20**
	Movements in working capital:		
	(Increase) / decrease in loans	(1,43,333.21)	(1,62,281.40)
	(Increase) / decrease in receivables	3.77	11.80
	(Increase)/ decrease in other financial assets	12,015.15	6,281.90
	(Increase) / decrease in other non-financial assets	(1,838.49)	(2,062.60)
	Increase/ (decrease) in payables	(478.37)	861.70
	Increase / (decrease) in other financial liabilities	4,869.01	8,348.50
	Increase/ (decrease) in provisions	548.79	516.30
	Increase / (decrease) in non-financial liabilities	589.12	1,224.30
	Cash used in operations	**(96,404.95)**	**(1,32,870.30)**
	Direct taxes paid (net of refunds)	(9,669.25)	(4,390.70)
	Net cash flows used in operating activities (A)	**(1,06,074.20)**	**(1,37,261.00)**
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment and intangible assets	(1,338.06)	(1,452.20)
	Proceeds from sale of property, plant and equipment and intangible assets	0.99	6.00
	Proceeds from sale of Investments	33,31,877.87	5,96,981.50
	Purchase of Investments	(33,28,990.56)	(6,06,855.00)
	(Investment) in/ withdrawal of Bank Deposits	(4,756.61)	255.00
	Net cash flows used in investing activities (B)	**(3,206.37)**	**(11,064.70)**
C	**Cash flow from financing activities**		
	Proceeds from issue of equity shares (including securities premium)	7,500.00	17,500.00
	Proceeds from debt securities	23,500.00	5,011.70
	Repayment of debt securities	(7,150.00)	(11,988.70)
	Proceeds from other than debt securities	3,39,605.63	3,30,874.00
	Repayment of other than debt securities	(2,55,741.87)	(1,95,957.10)
	Proceeds from subordinated debt	-	20,269.20
	Repayment of subordinated debt	-	(2,769.20)
	Lease payments	(191.79)	(98.90)
	Net cash flows from financing activities (C)	**1,07,521.97**	**1,62,841.00**

Cash flow statement as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	(1,758.60)	14,515.30
Cash and cash equivalents at the beginning of the year	34,162.00	19,646.70
Cash and cash equivalents at the end of the year	**32,403.40**	**34,162.00**
Components of cash and cash equivalents		
i) Cash on hand	0.85	20.90
ii) Balances with banks (of the nature of cash and cash equivalents)	32,402.55	34,141.10
Total	**32,403.40**	**34,162.00**

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

Sd/-
Vineet Bijendra Chattree
Whole Time Director
DIN No. 07962531
Bengaluru
16.05.2024

Sd/-
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Managing Director
DIN: 01713987
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16.05.2024

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Membership No. 209645
Bengaluru
16.05.2024

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
16.05.2024

Sd/-
Neeraj Jain
Company Secretary
Membership No: 12273
Bengaluru
16.05.2024

Statement of changes in equity for the year ended March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
As at March 31, 2023	**14,51,66,666**	**14,516.67**
Changes in Equity share capital during the year	1,25,00,000	1,250.00
As at March 31, 2024	**15,76,66,666**	**15,766.67**

Particulars	Number of shares	Amount
As at March 31, 2022	**10,35,00,000**	**10,350.00**
Changes in Equity share capital during the year	4,16,66,666	4,166.67
As at March 31, 2023	**14,51,66,666**	**14,516.67**

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	Changes in equity share capital during the current year	Balance at the end of the current reporting period
14,516.67	-	-	1,250.00	15,766.67

(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	Changes in equity share capital during the current year	Balance at the end of the current reporting period
10,350.00	-	-	4,166.67	14,516.67

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 March 31, 2023	**-**	**34,732.83**	**4,781.30**	**-**	**100.00**	**18,061.20**	**(68.30)**	**57,607.03**
Profit for the year	-	-	-	-	-	29,701.53	-	29,701.53
Other comprehensive income (net of tax)	-	-	-	-	-	-	127.59	127.59
Capital contribution from NTL	-	-	-	-	-	299.28	-	299.28
Issue of equity shares	-	6,250.00	-	-	-	-	-	6,250.00
Transfer to statutory reserves	-	-	5,914.72	-	-	(5,914.72)	-	-
Transfer from debenture redemption reserve	-	-	-	-	(100.00)	100.00	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	(127.59)	-	(127.59)
Balance as at March 31, 2024	**-**	**40,982.83**	**10,696.02**	**-**	**-**	**42,119.70**	**59.29**	**93,857.84**

Statement of changes in equity as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 March 31, 2022	**-**	**21,399.50**	**1,814.20**	**168.00**	**100.00**	**6,025.00**	**1.00**	**29,507.70**
Profit for the year	-	-	-	-	-	14,766.00	-	14,766.00
Other comprehensive income (net of tax)	-	-	-	-	-	-	(69.30)	(69.30)
Issue of equity shares	-	13,333.33	-	-	-	-	-	13,333.33
Transfer to statutory reserves	-	-	2,967.10	-	-	(2,967.10)	-	-
Transfer to retained earnings	-	-	-	(168.00)	-	168.00	-	-
Transfer to other comprehensive income (net of tax)	-	-	-	-	-	69.30	-	69.30
Balance as at March 31, 2023	**-**	**34,732.83**	**4,781.30**	**-**	**100.00**	**18,061.20**	**(68.30)**	**57,607.03**

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

Sd/-
Vineet Bijendra Chattree
Whole Time Director
DIN No. 07962531
Bengaluru
16.05.2024

Sd/-
Anand Rao
Managing Director
DIN: 01713987
Bengaluru
16.05.2024

Sd/-
Georgy Mathew
Partner
Membership No. 209645
Bengaluru
16.05.2024

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
16.05.2024

Sd/-
Neeraj Jain
Company Secretary
Membership No: 12273
Bengaluru
16.05.2024

Notes forming part of the financial statements

as at March 31, 2024 (All amounts in ₹ Lakhs unless otherwise stated)

1. CORPORATE INFORMATION

Chaitanya India Fin Credit Private Limited ('the Company) was incorporated on March 31, 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 loans, 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 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 September 25, 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 September 05, 2013.

The Company became a subsidiary of Svatantra Microfin Private Limited ('SMPL') with effect from November 23, 2023 consequent to SMPL acquiring the entire equity shares of the Company from Navi Technologies Limited (the erstwhile ultimate holding company) and Navi Finserv Limited (the erstwhile holding company).

The cut-off date for accounting purposes has been mutually agreed at the close of business hours as on November 30, 2023.

The Company is treated as a middle layer 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) INR 1000 Crores and above (by virtue of RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023).

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.

The financial statements are presented in Indian rupees (INR) and all values are rounded to nearest Lakhs except when otherwise indicated.

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. These financial statements have been prepared in a going concern basis.

B. 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

C. STATEMENT OF COMPLIANCE

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS') 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 March 31, 2024, 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 16, 2024.

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.

D. MATERIAL 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 Material 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.

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. **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).

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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, fair value of financial instruments, provision for expenses etc.

3. MATERIAL ACCOUNTING POLICIES

The financial statements have been prepared using the material 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

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

FVTOCI 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.

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, Government securities, Commercial Papers etc.

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

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.

Off-setting 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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

The Company will upgrade NPA assets to Standard assets only when the entire arrears of interest and principal is collected (by virtue of Para 14.4.5 i.e. Asset classification norms from RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023). All these loans will be categorised as Stage 3 irrespective of DPD.

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 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

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

The 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 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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

viii. Assignment and Co-lending akin to assignment transaction

In accordance with Ind AS 109, in case of assignment where the Company transfers a substantial part of a financial asset;

- by transferring the contractual rights to receive the cash flows of the assigned portion of the financial asset; and
- by transferring substantially all the risks and rewards of the ownership of the assigned portion of the financial asset

The gain / loss arising on such transfer, being the present value of excess / deficit interest spread (net interest receivable by the Company on the proportion of loan assets transferred, is recognized upfront in the Statement of Profit and Loss and the proportionate portion of the financial asset transferred is derecognized from the statement of assets and liabilities (Balance Sheet) immediately.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

3.2 Revenue from operations

i. Recognition of interest income

Interest income for all financial instruments measured either at amortised cost or at fair value through other comprehensive 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.

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.

ii. Fees & Commission Income

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

iii. 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.

iv. Recoveries of financial assets written off

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

v. 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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 are 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 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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 Other Comprehensive Income (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

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgement. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 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 equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 have been provided on the straight-line 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. From FY 2023-24 the method of depreciation has been changed from written down value to straight line method on a prospective basis as the change in method of depreciation is considered as change in accounting estimate as per Ind AS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. 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:

Sr. 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.

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

The company recognised a contingent liability if there 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 calculates basic earnings per share by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 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.

3.12 Share based payments

a) The fair value of options granted under the Employee stock option plan (Provided by the erstwhile Ultimate Holding Company (i.e. Navi technologies limited upto November 23, 2023) is recognised as an employee benefit expenses in the Statement of Profit and Loss based on estimated fair-value of the options on the grant date. The total amount to be expensed is determined by reference to the fair value of the options granted:

   a. including any market performance conditions

   b. excluding the impact of any service and non-market performance vesting conditions

   c. including the impact of any non-vesting conditions

If the options vest in instalments (i.e. the options vest pro-rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

b) The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of Profit and Loss.

c) As mentioned in the paragraph 3 of Note 1 of these financial statements, the Company became a subsidiary of Svatantra Microfin Private Limited ('SMPL') with effect from November 23, 2023 consequent to SMPL acquiring the entire equity shares of the Company from Navi Technologies Limited (the erstwhile Ultimate Holding Company) and Navi Finserv Limited (the erstwhile Holding Company). Hence the Erstwhile Ultimate Holding Company has done a cash settlement of all the graded vesting units to all the employees.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

4 Cash Equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.85	20.90
Balances with banks and financial institutions		
- Balance with banks in current accounts	32,402.55	34,140.60
- Bank deposit with original maturity less than 3 months	-	0.50
Total	**32,403.40**	**34,162.00**

5 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2024	As at March 31, 2023
Deposits for maturity of more than 3 months and upto 12 months	425.64	3.12
Balance with banks and financial institutions to the extent held as margin money deposits against borrowings*	6,416.95	2,082.86
Total	**6,842.59**	**2,085.98**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Term loans	6,416.95	1,688.99
Securitisation arrangements	-	393.87
Total	**6,416.95**	**2,082.86**

6 Other receivables (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Other receivables considered good-unsecured	0.73	-
Receivable from related party (Navi) considered good-unsecured* (refer note 42)	-	4.50
Total	**0.73**	**4.50**
Less: Impairment loss allowance	-	-
Total	**0.73**	**4.50**

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. Cash and

6.1 Other receivables

Particulars	As at March 31, 2024					
	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	0.73	-	-	-	-	0.73

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

6.2 Other receivables

Particulars	As at March 31, 2023					
	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	4.50	-	-	-	-	4.50

7 Loans

Particulars	As at March 31, 2024			As at March 31, 2023		
	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	120.44	-	120.44	246.90	-	246.90
Secured - Small Business Loans	5.02	-	5.02	10.50	-	10.50
Secured - Livestock Loan	23.52	-	23.52	37.70	-	37.70
ii Unsecured Loan				-	-	-
Unsecured - Retails	1,017.87	-	1,017.87	610.80	-	610.80
Unsecured - Joint liability loans	4,67,706.86	56,235.57	5,23,942.43	3,62,848.20	20,255.20	3,83,103.40
Total (A) - Gross	**4,68,873.71**	**56,235.57**	**5,25,109.28**	**3,63,754.10**	**20,255.20**	**3,84,009.30**
Less : Impairment loss allowance	(11,084.02)	(1,139.32)	(12,223.34)	(5,738.60)	(247.60)	(5,986.20)
Total (A) - Net	**4,57,789.69**	**55,096.25**	**5,12,885.94**	**3,58,015.50**	**20,007.60**	**3,78,023.10**
Others - Loans to employees Unsecured	59.99	-	59.99	45.30	-	45.30
Total (B) - Gross	**59.99**	**-**	**59.99**	**45.30**	**-**	**45.30**
Less : Impairment loss allowance	(0.76)	-	(0.76)	(6.00)	-	(6.00)
Total (B) - Net	**59.23**	**-**	**59.23**	**39.30**	**-**	**39.30**
Total loans (A+B) - Net	**4,57,848.92**	**55,096.25**	**5,12,945.17**	**3,58,054.80**	**20,007.60**	**3,78,062.40**
Loans in India						
Public sector	-	-	-	-	-	-
Others	4,68,933.70	56,235.57	5,25,169.27	3,63,799.40	20,255.20	3,84,054.60
Total - Gross	**4,68,933.70**	**56,235.57**	**5,25,169.27**	**3,63,799.40**	**20,255.20**	**3,84,054.60**
Less : Impairment loss allowance	(11,084.78)	(1,139.32)	(12,224.10)	(5,744.60)	(247.60)	(5,992.20)
Total - Net	**4,57,848.92**	**55,096.25**	**5,12,945.17**	**3,58,054.80**	**20,007.60**	**3,78,062.40**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

7 Loans (contd.)

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 March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade - No over due	5,21,676.16	-	-	5,21,676.16	3,82,232.80	-	-	3,82,232.80
Standard grade - DPD 1 to 30	1,072.80	-	-	1,072.80	407.30	-	-	407.30
Standard grade - DPD 31 to 60	-	482.73	-	482.73	-	217.00	-	217.00
Standard grade - DPD 61 to 90	-	389.30	-	389.30	-	125.30	-	125.30
Non- performing								
Sub-standard grade - DPD > 90*	-	-	1,548.28	1,548.28	-	-	1,072.20	1,072.20
Total	**5,22,748.96**	**872.03**	**1,548.28**	**5,25,169.27**	**3,82,640.10**	**342.30**	**1,072.20**	**3,84,054.60**

* NPA loans as per IRAC norms has been considered as Sub-standard grade irrespective of DPD.

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 March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	**3,82,640.10**	**342.30**	**1,072.20**	**3,84,054.60**	**2,21,158.10**	**1,664.50**	**2,937.10**	**2,25,759.70**
New assets originated*	4,51,379.00	471.38	587.81	4,52,438.19	3,51,295.90	189.50	162.80	3,51,648.20
Movement between stages								
Transferring from Stage 1	(1,271.32)	400.09	871.23	-	(1,245.60)	439.60	806.00	-
Transferring from Stage 2	0.35	(16.65)	16.30	-	107.60	(337.30)	229.70	-
Transferring from Stage 3	2.50	0.01	(2.51)	-	6.00	0.80	(6.80)	-
Assets repaid, derecognized and written off	(3,10,001.67)	(325.11)	(996.74)	(3,11,323.52)	(1,88,681.90)	(1,614.80)	(3,056.60)	(1,93,353.30)
Gross carrying amount- closing balance	**5,22,748.96**	**872.02**	**1,548.28**	**5,25,169.27**	**3,82,640.10**	**342.30**	**1,072.20**	**3,84,054.60**

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

Note : The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person that are - (a) repayable on demand or (b) without specifying any terms or period of repayment.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

7 Loans (contd.)

Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2024				As at March 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	**4,948.30**	**146.00**	**897.90**	**5,992.22**	**2,138.50**	**572.80**	**2,051.80**	**4,763.10**
New assets originated*	9,700.09	212.77	509.43	10,422.29	4,549.10	85.50	139.70	4,774.30
Movement between stages								
Transfers from Stage 1	(903.41)	179.48	723.93	-	(13.70)	4.90	8.80	-
Transfers from Stage 2	0.01	(14.90)	14.89	-	36.70	(113.30)	76.60	-
Transfers from Stage 3	0.03	0.00	(0.04)	-	2.70	0.50	(3.20)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(3,229.18)	(130.89)	(830.34)	(4,190.41)	(1,765.00)	(404.40)	(1,375.80)	(3,545.20)
Impairment allowance - closing balance	**10,515.83**	**392.47**	**1,315.78**	**12,224.10**	**4,948.30**	**146.00**	**897.90**	**5,992.20**

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

8 Investments

Particulars	As at March 31, 2024	As at March 31, 2023
Other receivables considered good- unsecured		
a) Debt securities	-	13,478.24
b) Govt Securities	11,559.93	-
Total Gross (A)	**11,559.93**	**13,478.24**
i) Investments outside India	-	-
ii) Investments in India	11,559.93	13,478.24
Total Gross (B)	**11,559.93**	**13,478.24**
Less : Allowance for impairment loss (C)	-	-
Net - D = (A) - (C)	**11,559.93**	**13,478.24**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Bonds (quoted)	-	13,478.24
Bonds (unquoted)	-	-
Total	**-**	**13,478.24**

b) Investments in Govt. Securities (Designated at fair value through profit or loss)

Particulars	As at March 31, 2024	As at March 31, 2023
Repo instruments	4,999.44	-
G-Sec	5,618.36	-
Treasury bills	942.13	-
Net	**11,559.93**	**-**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

9 Other financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Security rental deposits (unsecured, considered good)	308.02	230.50
Insurance recoverable	285.06	403.80
Less : Impairment on insurance recoverable	(84.36)	(191.21)
EIS receivable on assignment	6,910.34	5,481.50
EIS Receivable on Co Lending	2,416.46	-
Receivables for financial activity	178.23	-
Other recoverables	554.61	471.80
Less : Impairment on other recoverables	(86.22)	(86.20)
Total	**10,482.14**	**6,310.19**

10 Deferred tax assets (net)

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Deferred tax assets		
Provision for employee benefits & Other payables	400.59	276.30
Difference in written down value as per books and Income Tax Act	38.84	80.10
Impairment allowance for loans	2,532.50	1,252.30
Impairment allowance for other receivables	45.96	71.30
Financial assets measured at amortised cost	1,555.02	891.80
Others	7.06	-
Total deferred tax assets	**4,579.97**	**2,571.80**
(B) Deferred tax liabilities		
Financial liabilities measured at amortised cost	766.56	415.00
Deferment of upfront EIS and servicing obligation recorded for assignment	2,347.37	1,141.20
Fair value change of loans through other comprehensive income	37.38	(7.06)
Others	175.56	133.10
Total deferred tax liabilities	**3,326.87**	**1,682.24**
Net deferred tax asset	**1,253.10**	**889.56**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

(i) Movement in deferred tax assets (net)

Particulars	As at March 31, 2023	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	Charged to other equity	As at March 31, 2024
income					
(A) Deferred tax assets					
Provision for employee benefits	276.30	122.76	1.53	-	400.59
Difference in written down value as per Companies Act and Income Tax Act	80.10	(41.26)	-	-	38.84
Impairment allowance for loans	1,252.30	1,280.20	-	-	2,532.50
Impairment allowance for other receivables	71.30	(25.34)	-	-	45.96
Financial assets measured at amortised cost	891.80	663.22	-	-	1,555.02
Others	-	7.06	-	-	7.06
Total deferred tax assets	**2,571.80**	**2,006.64**	**1.53**	**-**	**4,579.97**
(B) Deferred tax liabilities					
Financial liabilities measured at amortised cost	415.00	351.56	-	-	766.56
Deferment of upfront EIS and servicing obligation recorded for assignment	1,141.20	1,206.17	-	-	2,347.37
Fair value change of loans through other comprehensive income	(7.06)	-	44.44	-	37.38
Others	133.10	42.46	-	-	175.56
Total deferred tax liabilities	**1,682.24**	**1,600.19**	**44.44**	**-**	**3,326.87**
Net deferred tax asset	**889.55**	**406.45**	**(42.91)**	**-**	**1,253.10**

11 Property, plant and equipment

(From FY 2023-24 the method of depreciation has been changed from Written Down Value method to Straight Line Method on a pro-spective basis -The depreciation amount decreased by ₹ 404.09 Lakhs for the FY 2023-24.)

Particulars	Computer and accessories	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Total
As at March 31, 2023	**1,275.95**	**984.45**	**0.99**	**198.33**	**239.67**	**2,699.39**
Additions	665.40	210.62	-	75.84	64.74	1,016.60
Adjustments/ regrouping	-	-	-	-	-	-
Reversal on disposal of assets	5.46	20.78	-	1.11	1.31	28.66
As at March 31, 2024	**1,935.89**	**1,174.29**	**0.99**	**273.06**	**303.10**	**3,687.33**
Accumulated depreciation and impairment						
As at March 31, 2023	**778.42**	**346.03**	**0.87**	**66.12**	**83.26**	**1,274.70**
Charge for the period	294.53	75.95	0.02	17.58	40.58	428.66
Adjustments/ regrouping	-	-	-	-	-	-
Reversal on disposal of assets	4.93	16.29	-	0.88	1.13	23.23
As at March 31, 2024	**1,068.02**	**405.69**	**0.89**	**82.82**	**122.71**	**1,680.13**
Net carrying amount as at March 31, 2024	**867.87**	**768.60**	**0.10**	**190.24**	**180.39**	**2,007.20**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Opening value of right of use assets	529.28	5.00
Addition to lease assets during the period	726.14	609.85
Termination of lease	(457.39)	-
Less: Amortisation for the period	(162.88)	(85.57)
Closing value of right of use assets	**635.16**	**529.28**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

13 Other intangible assets

Particulars	Computer software
Gross block	
As at March 31, 2023	313.12
Additions	321.46
Reversal on disposal of assets	-
As at March 31, 2024	**634.58**
Accumulated amortisation and impairment:	
As at March 31, 2023	144.52
Charge for the period	131.93
Reversal on disposal of assets	-
As at March 31, 2024	**276.45**
Net carrying amount as at March 31, 2024	**358.13**

Other than internally generated.

14 Other non-financial assets

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	3,098.05	1,428.70
Advance to suppliers and others	402.90	337.30
Advance to staff	53.14	32.11
Balance lying with statutory authorities	266.41	183.90
Income tax paid under dispute	26.15	26.15
Total	**3,846.65**	**2,008.16**

15 Trade payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	3.82	1.70
Total outstanding dues of creditors other than micro enterprises and small enterprises	884.61	1,365.10
Total	**888.43**	**1,366.80**

15.1 Trade payables ageing is as follows:

Particulars		As at March 31, 2024					
		Outstanding for following periods from due date of payment					
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	-	3.82	-	-	-	3.82
(ii)	Others	571.88	312.73	-	-	-	884.61

Particulars		As at March 31, 2023					
		Outstanding for following periods from due date of payment					
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i)	MSME	-	1.73	-	-	-	1.73
(ii)	Others	1,215.16	149.94	-	-	-	1,365.10

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

16 Other payables

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	**-**	**-**

17 A. Debt securities secured (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Redeemable non-convertible debentures - Secured and listed	2,482.08	6,498.40
Redeemable non-convertible debentures - Secured and unlisted	3,741.12	4,375.70
Total (A)	**6,223.20**	**10,874.10**

Note: The above debentures are secured by the way of first and exclusive charge over specified unsecured microfinance JLG loans of the Company.

B. Debt securities unsecured (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Redeemable non-convertible debentures - Unsecured and listed	25,603.38	4,996.40
Total (B)	**25,603.38**	**4,996.40**
Total debt securities (A+B)	**31,826.58**	**15,870.50**
Debt securities in India	31,826.58	15,870.50
Total	**31,826.58**	**15,870.50**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Term loan from Banks - Secured	3,09,815.32	2,68,749.00
Term loan from Financial Institutions -Secured	84,520.01	37,185.70
Liability against Securitised Assets	-	3,180.50
Unsecured		
Commercial Paper	-	1,463.84
Total	**3,94,335.33**	**3,05,934.70**
Borrowings in India	3,94,335.33	3,10,579.00
Borrowings outside India	-	-
Total	**3,94,335.33**	**3,10,579.00**

1) The term loans are secured by unsecured microfinance JLG loans to the extent of minimum 100%-118% 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 2023-24 aggregating to ₹ 59,000 Lakhs, the Company will assign the book debts in due course as per the sanction terms.

2) None of the borrowings are guaranteed by directors or others.

19 Subordinated liabilities (at amortised cost)

Particulars	As at March 31, 2024	As at March 31, 2023
Non-convertible debentures	18,978.20	18,808.30
Term loans	1,499.07	1,497.50
Total	**20,477.27**	**20,305.80**
Subordinated debts in India	20,477.27	20,305.80
Subordinated debts outside India	-	-
Total	**20,477.27**	**20,305.80**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

18. 1 Terms of debentures*

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at March 31, 2024	As at March 31, 2023		As at March 31, 2024	As at March 31, 2023
Secured					
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	-	150	10,00,000	-	1,500
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	-	500	10,00,000	-	5,000
10.10% Rated, Listed, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures dated 10 October 2023	2,500	-	1,00,000	2,500.00	-
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 21	500	500	7,50,000	3,750.00	4,400.00
Unsecured					
10.55% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 30 September 23	10,000	-	1,00,000	10,000.00	-
10.45% Rated, Listed, Senior, Unsecured, Redeemable, Transferable Non-Convertible Debentures dated 10 October 23	2,500	-	1,00,000	2,500.00	-
9.75% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 10 November 2023	8,500	-	1,00,000	8,500.00	-
12.83% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 28 July 2022	500	500	10,00,000	5,000.00	5,000.00
Subordinated debts					
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 November 2022	750	750	5,00,000	3,750	3,750
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 November 2022	750	750	5,00,000	3,750	3,750
12.40% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 February 2023	12,500	12,500	1,00,000	12,500	12,500

* The amounts as on March 31, 2024 and March 31, 2023 are outstanding amounts denominated at face value of the respective securities.

Note: There were no delays in repayment of borrowings during FY 2023-24 and FY 2022-23.

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 March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years		-		-
Half yearly repayment schedule	8%-10%	Upto 2 years	6	3,750.00	8	4,400.00
	8%-10%	2 to 4 years		-		
At the end of tenure / On demand	8%-10%	Upto 2 years	1	8,500.00		-
	10%-12%	Upto 2 years	7	4,166.67	2	6,500.00
	12%-15%	Upto 2 years	3	10,833.33		-
	12%-15%	2 to 4 years	1	5,000.00	1	5,000.00
Total				**32,250.00**		**15,900.00**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

Original Maturity of loan	Interest rate	Original maturity period	As at March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	682	1,46,739.05	823	1,54,845.30
	8%-10%	2 to 4 years	61	5,575.54	22	3,472.16
	10%-12%	Upto 2 years	626	1,28,016.84	349	53,374.10
	10%-12%	2 to 4 years	32	1,916.05	5	1,104.17
	12%-15%	Upto 2 years		-		-
Quarterly repayment schedule	8%-10%	Upto 2 years	35	12,636.44	15	9,450.00
	10%-12%	Upto 2 years	32	11,975.00	53	25,267.05
	10%-12%	2 to 4 years			4	4,550.14
At the end of tenure / On demand	8%-10%	Upto 2 years	1	4,000.00	1	4,000.00
	10%-12%	Upto 2 years			4	14,000.00
Total				**3,10,858.92**		**2,70,062.91**

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

Original Maturity of loan	Interest rate	Original maturity period	As at March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	Below 8%	Upto 2 years	24	4,795.56	48	9,592.45
	8%-10%	Upto 2 years	86	36,470.28	17	3,641.28
	8%-10%	2 to 4 years	41	18,289.94		-
	10%-12%	Upto 2 years	16	3,420.26	81	10,645.91
Quarterly repayment schedule	8%-10%	Upto 2 years	11	2,920.00	7	2,333.33
	10%-12%	Upto 2 years	8	4,000.00	7	3,500.00
	10%-12%	2 to 4 years			4	2,000.00
Half yearly repayment schedule	8%-10%	Upto 2 years			8	4,320.00
	8%-10%	2 to 4 years			4	960
	10%-12%	Upto 2 years	2	180	4	360
Yearly repayment schedule	Below 8%	2 to 4 years	1	15,000.00	0	-
Total				**85,076.03**		**37,352.96**

Maturity pattern of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period	As at March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
At the end of tenure / On demand	12%-15%	Upto 2 years		-		
	12%-15%	4 to 6 years	3	20,000.00	3	20,000.00
	above 15%	Upto 2 years	2	1,500.00	2	1,500.00
Total				**21,500.00**		**21,500.00**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Maturity pattern of Commercial Paper

Original Maturity of loan	Interest rate	Original maturity period	As at March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
At the end of tenure / On demand	8%-10%	Upto 2 years	-	-	1.00	1,467.44
Total				-		**1,467.44**

Maturity pattern of PTC

Original Maturity of loan	Interest rate	Original maturity period	As at March 31, 2024		As at March 31, 2023	
			No. of instalments	Amount	No. of instalments	Amount
Monthly repayment schedule	8%-10%	Upto 2 years	-	-	10.00	3,187.86
Total				-		**3,187.86**

All the above mentioned repayments are disclosed at principal outstanding only as per the contractual maturities at gross values.

18.3 Reconciliation of Financing Activity

Particulars	As at March 31, 2023	Cash flow			Non-cash			As at March 31, 2024
		Additions	Payment	Lease payments	Interest expenses on lease liability	Upfront fees and amortisation	Termination of Lease	
Debt securities	15,870.52	23,500.00	(7,150.00)	-	-	(393.94)	-	31,826.58
Borrowings (other than debt securities)	3,10,578.95	3,39,605.63	(2,55,741.87)	-	-	(107.38)	-	3,94,335.33
Subordinated liabilities	20,305.79	-	-	-	-	171.48	-	20,477.27
Lease liability	554.67	726.14	-	(191.79)	71.71	-	(498.75)	661.98
Total liabilities from financial activities	**3,47,309.93**	**3,63,831.77**	**(2,62,891.87)**	**(191.79)**	**71.71**	**(329.84)**	**(498.75)**	**4,47,301.16**

Particulars	As at March 31, 2022	Cash flow			Non-cash			As at March 31, 2023
		Additions	Payment	Lease payments	Interest expenses on lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	22,810.78	5,011.70	(11,988.70)	-	-	36.74	-	15,870.52
Borrowings (other than debt securities)	1,76,132.58	3,30,874.00	(1,95,957.10)	-	-	(470.52)	-	3,10,578.95
Subordinated liabilities	3,991.57	20,269.20	(2,769.20)	-	-	(1,185.79)	-	20,305.79
Lease liability	6.72	609.80	-	(98.90)	37.05	-	-	554.67
Total liabilities from financial activities	**2,02,941.65**	**3,56,764.70**	**(2,10,715.00)**	**(98.90)**	**37.05**	**(1,619.57)**	-	**3,47,309.93**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

20 Other financial liabilities)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued on borrowings	1,390.73	770.10
Insurance payables	3.42	-
Payable to employees	85.44	183.00
Payables towards assignment transactions	17,953.52	13,592.50
Retention money payable	-	18.50
Total	**19,433.11**	**14,564.10**

21 Provisions

Particulars	As at March 31, 2024	As at March 31, 2023
For employee benefits		
Gratuity (Refer note 38)	889.28	606.40
Compensated absences (Refer note 38)	702.37	491.40
Incentives	998.62	687.70
Statutory bonus	415.83	522.70
ESOP & CIP *	-	22.80
Others		
Other losses	12.04	5.80
Total	**3,018.14**	**2,336.80**

a) As mentioned in the paragraph 3 of Note 1 of these financial statements, the Company became a subsidiary of Svatantra Microfin Private Limited ('SMPL') with effect from November 23, 2023 consequent to SMPL acquiring the entire equity shares of the Company from Navi Technologies Limited (the erstwhile Ultimate Holding Company) and Navi Finserv Limited (the erstwhile Holding Company). Hence the Erstwhile Ultimate Holding Company has done a cash settlement of all the graded vesting units outstanding as at the cut-off date i.e. October 20, 2023 to all the employees and unvested units have been cancelled and lapsed. Please refer material accounting policy note 3.12.

b) ESOP provisions for FY 2023-24 - Nil, for FY 2022-23 ₹ 19.0 lakhs 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 March 31, 2024	No. of options March 31, 2023
Options outstanding at the beginning of the year	36,95,318	36,00,530
Options outstanding at March 31, 2023 due to stock split	36,95,318	36,00,530
Granted during the year	-	3,91,198
Lapsed during the year	(17,54,797)	(2,96,410)
Cancelled on account of acquisition by SMPL	(19,40,521)	-
Options outstanding at the end of the year	-	**36,95,318**

22 Other non-financial liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable	581.11	413.50
Service obligation on assignment	996.59	947.80
Service obligation on Co Lending	377.67	-
Others	5.55	10.30
Total	**1,960.92**	**1,371.60**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

23 Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
AUTHORISED SHARE CAPITAL		
25,35,00,000 equity shares of ₹ 10 each (March 31, 2024: 25,35,00,000 equity shares of ₹ 10 each)	25,350.00	25,350.00
1,80,00,000 preference shares of ₹ 10 each (March 31, 2024: 1,80,00,000 preference shares of ₹ 10 each)	1,800.00	1,800.00
Total authorised capital	**27,150.00**	**27,150.00**
EQUITY SHARE CAPITAL		
Issued, subscribed and fully paid up share capital		
Equity shares		
15,76,66,666 equity shares of ₹ 10 each fully paid-up (March 31, 2023: 14,51,66,666 equity shares of ₹ 10 each)	15,766.67	14,516.67
Total equity share capital	15,766.67	14,516.67

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

Particulars	Number of shares	Amount
As at March 31, 2023	**14,51,66,666**	**14,516.67**
Issued during the year	1,25,00,000	1,250.00
As at March 31, 2024	**15,76,66,666**	**15,766.67**

Particulars	Number of shares	Amount
As at March 31, 2022	**10,35,00,000**	**10,350.00**
Issued during the year	4,16,66,666	4,166.67
As at March 31, 2023	**14,51,66,666**	**14,516.67**

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)

S. No	Name of the Shareholder	As at March 31, 2024		As at March 31, 2023		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	-	-	3,62,91,666	25%	-25%
2	Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	-	-	10,88,75,000	75%	-75%
3	Svatantra Microfin Private Limited w.e.f. November 23, 2023	15,76,66,666	100%	-	-	100%

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

e. Details of shareholding of Promoters

S. No	Promoters	As at March 31, 2024		As at March 31, 2023		% Change during the year
		No. of Shares	% of Total Shares	No. of Shares	% of Total Shares	
1	Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	-	-	3,62,91,666	25%	-25%
2	Navi Finserv Limited (formerly known as Navi Finserv Private Limited) and its nominees	-	-	10,88,74,994	75%	-75%
3	Svatantra Microfin Private Limited w.e.f. November 23, 2023	15,76,66,666	100%	-	-	100%

Note - the Company became a subsidiary of Svatantra Microfin Private Limited ('SMPL') with effect from November 23, 2023 consequent to

SMPL acquiring the entire equity shares of the Company from Navi Technologies Limited (the erstwhile Ultimate Holding Company) and Navi Finserv Limited (the erstwhile Holding Company)

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

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

24 Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory reserve (Pursuant to Section 45-IC of the RBI Act, 1934)		
Opening balance	4,781.30	1,814.20
Add: Transfer from retained earnings	5,914.72	2,967.10
Closing balance	**10,696.02**	**4,781.30**
Securities premium account		
Opening balance	34,732.79	21,399.50
Add : Securities premium credited on share issue	6,250.00	13,333.33
Less: Premium utilised	-	-
Closing balance	**40,982.79**	**34,732.83**
Debenture redemption reserve		
Opening balance	100.00	100.00
Add: Transfer from retained earnings	(100.00)	-
Closing balance	**-**	**100.00**
Contribution to employee stock option scheme		
Opening balance	-	168.00
Add: Employee stock option compensation for the year	-	-
Less: Balance transferred to retained earnings	-	(168.00)
Closing balance	**-**	**-**
Other comprehensive income		
Opening balance	(68.30)	1.00
Add: Transfer from Statement of Profit and Loss on account of :		-
- Actuarial loss on retirement benefits	(6.08)	(21.40)
- Fair valuation of loans	176.58	(71.20)
Deferred tax on the above	(42.91)	23.30
Closing balance	**59.29**	**(68.30)**
Retained earnings		
Opening balance	18,061.21	6,025.00
Add : Capital contribution from NTL	299.28	-
Add : Net profit/(net loss) for the current year	29,701.57	14,766.01
Add / Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(5,914.72)	(2,967.10)
Transfer to Debenture redemption reserve	100.00	-
Other comprehensive income	(170.50)	92.60
Deferred tax on the above	42.91	(23.30)
Transfer of outstanding balance in ESOP reserve	-	168.00
Total appropriations	**(5,942.31)**	**(2,729.80)**
Retained earnings	**42,119.75**	**18,061.21**
Total Other equity	**93,857.85**	**57,607.04**

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.

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.

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. The company has not declared or paid any dividend during the year.

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 March 31, 2024

(All amounts in ₹ Lakhs 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 March 31, 2024
Interest income on loans	99,806.13	5,243.06	-	1,05,049.19
Interest income on deposits	198.95	-	-	198.95
Interest income on Investments	-	-	1,907.88	1,907.88
Total	1,00,005.08	5,243.06	1,907.88	1,07,156.02

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	On financial assets measured at FVTPL	For the year ended March 31, 2023
Interest income on loans	61,890.48	3,403.92	-	65,294.40
Interest income on deposits	113.90	-	-	113.90
Interest income on Investments	-	-	252.00	252.00
Total	62,004.38	3,403.92	252.00	65,660.30

26 Fees and commission income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Other commission	278.30	250.60
Total	**278.30**	**250.60**

27 Net gain on fair value changes

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(A) Net gain on financial instruments at fair value through profit or loss		
- **Investments**		
Gain on sale of mutual funds	772.43	786.10
Gain on fair valuation of investment in mutual funds	-	-
Profit/Loss On Sale Of other Investments	221.32	11.58
Gain on fair valuation of Other Investments	(24.74)	22.20
Total	**969.01**	**819.88**
Fair value changes:		
- Realised	993.75	797.68
- Unrealised	(24.74)	22.20
Total	**969.01**	**819.88**

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Gain on De-recognition of Loan assets on Direct Assignment	13,174.19	8,823.40
Gain on De-recognition of loan assets on Co-Lending akin to Direct Assignment	2,916.33	-
Total	**16,090.52**	**8,823.40**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

29 Other operating income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Bad debt recovered	271.09	515.10
Income from advertisement and promotion	1,301.88	260.00
Insurance claim received	10.87	-
Total	**1,583.84**	**775.10**

30 Other income

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit on sale of property, plant and equipment (net)	-	-
Payables written Back	54.34	-
Notice Period Recovery	22.29	-
Income on lease termination	41.37	-
Miscellaneous income	2.40	7.90
Total	**120.40**	**7.90**

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

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest on debt securities		
- Debentures	4,852.44	2,357.00
Interest on borrowings (other than debt securities)	32,321.89	22,156.40
Interest on subordinated liabilities	2,894.63	1,215.20
Assignment expenses	870.23	730.40
Interest on lease liability	71.71	37.00
Interest on income tax	18.93	0.20
Interest on GST	2.49	2.42
Interest on inter corporate loans	-	55.20
Interest on delay in MSME vendor payment	0.08	-
Total	**41,032.40**	**26,553.82**

32 Impairment of financial assets

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	For the year ended March 31, 2024
Portfolio loans written off	1,658.17	-	1,658.17
Impairment allowance/(reversal) on portfolio loans	5,144.63	1,087.25	6,231.88
Impairment loss allowance on other receivable	(96.58)	-	(96.58)
Impairment reversal on investments	-	-	-
Total	**6,706.22**	**1,087.25**	**7,793.47**

Particulars	On financial assets measured at amortised cost	On financial assets measured at FVTOCI	For the year ended March 31, 2023
Portfolio loans written off	2,227.70	-	2,227.70
Impairment allowance/(reversal) on portfolio loans	1,040.00	189.20	1,229.20
Impairment loss allowance on other receivable	(85.10)	-	(85.10)
Impairment reversal on investments	-	-	-
Total	**3,182.60**	**189.20**	**3,371.80**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

33 Employee benefits expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, other allowance and bonus	18,860.20	14,104.57
Contribution to provident and other funds*	1,749.96	1,205.62
Share based payment to employees	425.75	332.40
Compensated absences *	416.84	272.46
Gratuity expenses *	347.73	234.64
Staff welfare expenses	1,091.29	582.31
Total	**22,891.77**	**16,732.00**

* (For detailed information refer note 38)

34 Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
On Property, plant and equipment	428.66	611.70
On Intangible assets	131.93	72.20
On Right of use assets	162.88	85.60
Total	**723.47**	**769.50**

35 Other expenses

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Rent	1,305.18	920.02
Electricity and Water charges	250.11	174.58
Rates and taxes	68.69	161.02
Repairs and maintenance	23.91	6.70
Communication costs	571.87	363.83
Printing and stationery	906.25	408.07
Human Resource Mangement Expenses	1,261.44	1,054.29
Directors' sitting fees	55.37	58.86
Auditor's fees and expenses*	49.24	54.05
Legal and professional charges	638.11	880.32
Travelling and conveyance	4,024.36	3,059.01
Other administrative expenses	491.35	398.40
Advertisement and publicity	14.38	1.92
Insurance	2,009.93	119.89
Bank Charges	10.20	5.61
Software Expenses	2,964.39	1,886.97
Corporate Social Responsibility expense	217.95	68.91
Total	**14,862.73**	**9,622.45**

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

As Auditor:		
- Audit fees (including fees for limited review)	32.70	21.80
- Tax audit fees	3.27	2.72
- Special Purpose audit	4.91	13.15
- Out of pocket expenses	5.45	5.17
- Out of pocket expenses to previous auditor	-	-
In any other manner:	-	-
- Certification	2.92	11.21

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

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

36 Tax expense

The components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current tax	9,726.57	4,466.40
Adjustment in respect of current income tax of prior years	-	(25.10)
Deferred tax relating to origination and reversal of temporary differences	(406.30)	11.00
Tax expense reported in the Statement of Profit and Loss	**9,320.27**	**4,452.30**

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:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Accounting profit before tax	38,894.25	19,287.60
Income tax rate	25.17%	25.17%
Expected tax expense	9,788.90	4,854.40
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Adjustment for tax pertaining to the prior years	-	(25.10)
Tax impact of expenses which is non deductible	134.96	17.40
Tax impact on deductions allowed under income tax	(610.57)	(394.40)
Others	6.98	-
Income tax expense reported in the statement of profit and loss	**9,320.27**	**4,452.30**

37 Earnings per share

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net profit for the year for basic EPS	**29,573.98**	**14,835.30**
Dilutive impact of compulsorily convertible debentures	-	-
Net profit for the year for diluted EPS	**29,573.98**	**14,835.30**
Nominal value of equity share (in ₹)	10.00	10.00
Weighted-average number of equity shares for basis earnings per share	**15,50,71,038**	**13,42,76,255**
Effect of dilution:		
Compulsory convertible debentures	-	-
Weighted-average number of equity shares used to compute diluted earnings per share	**15,50,71,038**	**13,42,76,255**
Basic earnings per equity share (in ₹)	19.07	11.05
Diluted earnings per equity share (in ₹)	19.07	11.05

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 ₹ 1,394.11 Lakhs for the year ended March 31, 2024 (March 31, 2023: ₹ 1005.09 Lakhs) for Provident Fund contributions and ₹ 335.53 Lakhs for the year ended March 31, 2024 (March 31, 2023: ₹ 189.06 Lakhs) 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.

Defined benefit plan

The Company provides for the gratuity, a defined benefit retirement plan covering qualifying employees. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied by the number of years of service. The gratuity is an unfunded plan for the Company.

Employee benefit obligations

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

38 Retirement benefit plan (Contd..)

Balance recognised in the balance sheet is as under:

Particulars	As at March 31, 2024	As at March 31, 2023
Gratuity	889.28	606.40
Compensated absences	702.37	491.40

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

Particulars	As at March 31, 2024	As at March 31, 2023
Gratuity	347.73	234.60
Compensated absences	416.84	272.50

Expense recognised through OCI is as under:

Particulars	As at March 31, 2024	As at March 31, 2023
Gratuity	6.08	21.42
Compensated absences	-	-

Disclosure for gratuity

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	306.45	207.20
Interest expense	41.28	27.50
Transfer out	-	-
Actuarial loss/(gain) recognised during the year	6.08	21.40
Total(A+B)	**353.81**	**256.10**

Movement in the present value of defined benefit obligation recognised in the balance sheet	For the year ended March 31, 2024	For the year ended March 31, 2023
Present value of defined benefit obligation at the beginning of the year	606.35	385.91
Current service cost	306.45	207.20
Interest cost	41.28	27.50
Past service cost	-	-
Benefits paid	(70.88)	(35.62)
Actuarial (gain)/ loss	6.08	21.42
Defined benefit obligation at the end of the year	**889.28**	**606.42**
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	7.09	35.62
Benefits Paid	(7.09)	(35.62)
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 March 31, 2024

(All amounts in ₹ Lakhs 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 March 31, 2024	For the year ended March 31, 2023
Present value of funded obligation as at the end of the year	889.28	606.41
Fair value of plan assets as at the end of the year	-	-
(Unfunded)/funded net liability recognized in balance sheet	**889.28**	**606.41**

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

Description	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	16.43	(15.21)
Actuarial loss from experience adjustment	(10.34)	36.63
Total actuarial (gain)/loss	**6.08**	**21.42**

Principal assumptions used in determining gratuity liability are shown below:	As at March 31, 2024	As at March 31, 2023
Expected return on plan assets	-	-
Rate of discounting	7.23%	7.46%
Expected rate of salary increase	7.00%	7.00%
Rate of employee turnover	23.00%	23.00%
Retirement age (years)	60	60

Sensitivity analysis for gratuity liability	As at March 31, 2024	As at March 31, 2023
Impact on defined benefit obligation		
Discount rate +100 basis points	(61.60)	(40.01)
Discount rate -100 basis points	71.46	46.22
Salary growth+ 100 basis points	60.47	40.52
Salary growth- 100 basis points	(54.94)	(35.70)
Attrition rate + 100 basis points	(11.55)	(6.76)
Attrition rate -100 basis points	11.86	6.89

Expected future pay-outs (discounted)	As at March 31, 2024	As at March 31, 2023
Year I	89.74	66.30
Year II	67.81	49.90
Year III	51.20	37.80
Year IV	38.76	28.60
Year V	30.32	21.70
Year VI-X	102.66	76.00
Above X years	508.79	326.11

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

38 Retirement benefit plan (Contd..)

Disclosure for Leave Encashment

Amount recognised in the statement of profit and loss

Description	As at March 31, 2024	As at March 31, 2023
Current service cost	189.65	139.91
Interest cost (net)	28.09	19.99
Transfer out	-	-
Actuarial loss/(gain) recognised during the year	199.10	112.55
Amount recognised in total comprehensive income	**416.84**	**272.46**

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

Description	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligation as at the beginning of the year	**491.38**	**345.83**
Current service cost	189.65	139.91
Interest cost	28.09	19.99
Benefits paid	(205.85)	(126.91)
Transfer out		-
Actuarial (gain)/loss	199.10	112.55
Present value of defined benefit obligation as at the end of the year	**702.37**	**491.38**

Movement in the plan assets recognised in the balance sheet

Description	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets at the beginning of the year		
Expected return on plan assets		
Contributions by employer	205.85	126.91
Benefits paid	(205.85)	(126.91)
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 March 31, 2024	As at March 31, 2023
Present value of funded obligation as at the end of the year	702.37	636.92
Fair value of plan assets as at the end of the year	-	-
(Unfunded)/funded net liability recognized in balance sheet	**(702.37)**	**(636.92)**

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

Description	As at March 31, 2024	As at March 31, 2023
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	9.77	(9.10)
Actuarial loss from experience adjustment	189.33	121.65
Total actuarial (gain)/loss	**199.10**	**112.55**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

38 Retirement benefit plan (Contd..)

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

Description	As at March 31, 2024	As at March 31, 2023
Discount rate	7.23%	7.46%
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 March 31, 2024	As at March 31, 2023
Impact on defined benefit obligation		
Discount rate +100 basis points	(36.86)	(23.91)
Discount rate -100 basis points	42.53	27.47
Salary growth+ 100 basis points	36.18	23.31
Salary growth- 100 basis points	(31.62)	(20.47)
Attrition rate + 100 basis points	(0.37)	0.20
Attrition rate - 100 basis points	0.33	(0.30)

Expected future pay-outs (discounted)	As at March 31, 2024	As at March 31, 2023
Year I	147.74	102.46
Year II	112.42	78.04
Year III	85.54	59.22
Year IV	65.22	44.95
Year V	49.93	34.14
Year VI-X	123.93	86.15
Above X years	117.60	86.42

Plan characteristics and associated risks

1. **Salary inflation risk**
   Higher than expected increases in salary will increase the defined benefit obligation
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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

39 Maturity analysis of assets and liabilities

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	32,403.40	-	32,403.40	34,162.00	-	34,162.00
Bank balance other than cash and cash			6,842.59			2,085.98
Equivalents	2,382.70	4,459.89		628.40	1,457.58	
Other receivables	0.73	-	0.73	4.50	-	4.50
Loans	3,33,509.20	1,79,436.00	5,12,945.17	2,29,894.00	1,48,168.40	3,78,062.40
Investments	11,559.93	-	11,559.93	13,478.24	-	13,478.24
Other financial assets	9,011.11	1,471.03	10,482.14	5,550.00	760.19	6,310.19
Non-financial assets						
Current tax assets (net)	-	-	-	-	-	-
Deferred tax assets (net)	-	1,253.10	1,253.10	-	889.56	889.56
Property, plant and equipment	-	2,007.20	2,007.20	-	1,424.70	1,424.70
Intangible Assets under Development	-	-	-	-	-	
Right of use asset	185.97	449.19	635.16	123.40	405.88	529.28
Other intangible assets	-	358.13	358.13	-	168.60	168.60
Other non-financial assets	722.45	3,124.20	3,846.65	1,477.75	530.40	2,008.15
Total assets	**3,89,775.46**	**1,92,558.74**	**5,82,334.20**	**2,85,318.29**	**1,53,805.31**	**4,39,123.60**
Liabilities						
Financial liabilities						
Trade payables	888.43	-	888.43	1,366.80	-	1,366.80
Other payables	-	-	-	-	-	-
Borrowings*	2,48,500.61	1,98,138.57	4,46,639.18	2,03,600.60	1,43,154.70	3,46,755.30
Other financial liabilities	19,433.11	-	19,433.11	14,564.10	-	14,564.10
Lease liabilities	139.75	522.23	661.98	98.30	456.40	554.70
Non-financial liabilities						
Current tax liabilities (net)	107.92	-	107.92	50.60	-	50.60
Provisions	1,651.93	1,366.21	3,018.14	1,398.30	938.50	2,336.80
Other non-financial liabilities	1,753.75	207.17	1,960.92	1,247.40	124.20	1,371.60
Total liabilities	**2,72,475.51**	**2,00,234.17**	**4,72,709.68**	**2,22,326.10**	**1,44,673.80**	**3,66,999.90**

* All borrowings are disclosed based on the contractual maturities.

Note: There are no breach of covenants existing as at the year end and there are no default in repayment of borrowings during the year.

40 Contingent liabilities, commitments

(A) Contingent liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
In respect of Income tax demands where the Company has filed an appeal with relevant authority	202.70	176.35
Others	-	11.60
Total	**202.70**	**187.95**

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

40 Contingent liabilities, commitments (Contd..)

(B) Commitments not provided for

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account, net of advances	37.57	57.03

(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 March 31, 2024	For the year ended March 31, 2023
Type of service		
Income from business correspondent operations	-	-
Total	-	-
Geographical markets		
India	-	-
Outside India	-	-
Total	-	-
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	-
Total	-	-

Contract balances

Particulars	As at March 31, 2024	As at March 31, 2023
Other receivables	0.73	4.50
Trade payable	888.43	1,366.83
Total (payable)/receivable	**(887.70)**	**(1,362.33)**

Other receivables are non-interest bearing and are generally on terms of 30 to 90 days. During the period ended March 31, 2024 an amount of Nil (March 31, 2023: Nil) was recognised as provision for expected credit losses on other receivable as the balance constitute balances from the Holding Company.

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 March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

41 Lease disclosures

Company as a lessee The company's leased assets mainly comprise office buildings taken on lease. Certain agreements provide for cancellation by either party or certain agreements contains clause for escalation and renewal of agreements. The term of property leases ranges from 1-10 years and The Company has applied short term lease exemption for leasing arrangements where the period of lease is less than 12 months.

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

Particulars	As at March 31, 2024	As at March 31, 2023
Opening lease liabilities	554.67	6.70
Addition to lease liabilities during the year	726.14	609.85
Interest expense on lease liabilities	71.71	37.00
Termination of lease	(498.75)	-
Cash outflow for leases	(191.79)	(98.86)
Closing lease liabilities	**661.98**	**554.69**

Amounts recognised in Statement of profit or loss

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation charge on right of use assets	162.88	85.57
Interest on lease liabilities	71.71	37.00
Total	**234.59**	**122.57**

Amounts recognised in the Statement of cash flows

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest paid on lease liabilities	71.71	37.00
Payment towards lease liabilities	(191.79)	(98.86)
Total	**(120.08)**	**(61.86)**

Maturity analysis of lease liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Within one year	139.75	98.30
After one year but not more than five years	522.23	456.40
More than five years	-	-
Total	**661.98**	**554.70**

Particulars	As at March 31, 2024	As at March 31, 2023
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	2	2
Range of remaining term	41 months to 51 months	8 months to 52 months
Average remaining lease term	46 Months	30 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 March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

42 Related party disclosures

A. List of related parties and disclosures

1. Enterprises exercising control

Holding Company : Svatantra Microfin Private Limited (w.e.f 23rd November 2023)

: Navi Finserv Limited (till 23rd November 2023)

Ultimate Holding Company : Navi Technologies Limited (till 23rd November 2023)

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

Navi AMC Limited (till 23rd November 2023)

Aditya Birla Finance Limited

3. Key managerial personnel and their relatives:

Name of key managerial personnel	Designation
Ms. Ananyashree Birla	Non-Executive Director and Chairperson of the Board (appointed w.e.f. November 23, 2023)
Mr. Vineet Bijendra Chattree	Whole Time Director (appointed w.e.f. November 23, 2023)
Mr. Anand Rao	Managing Director (re-appointed w.e.f. March 6, 2020)
Ms. Meena Jagtiani	Independent Director (appointed on December 8, 2023)
Mr. Natarajan Girija Shankar	Independent Director (appointed on December 8, 2023)
Mr. Abhik Sarkar	Chief Financial Officer (appointed w.e.f. October 01, 2021)
Mr. Anup Kumar Gupta *	Company Secretary (resigned on May 13, 2024)
Mr. Sachin Bansal	Managing Director and CEO (resigned on November 23, 2023)
Mr. Ankit Agarwal	Director and Deputy CEO (resigned on November 23, 2023)
Mr. Samit S Shetty	Nominee Director (resigned on November 23, 2023)
Mr. R.Sridharan	Independent Director (resigned on November 23, 2023)
Ms. Usha A Narayanan	Independent Director (resigned on November 23, 2023)

* Mr Anup Kumar Gupta has resigned on May 13, 2024 and Mr Neeraj Jain has been appointed as Company secretary w.e.f. May 16, 2024

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

Name of related party	Nature of transaction	As at March 31, 2024	As at March 31, 2023
Mr. Anand Rao	Remuneration and incentives	144.02	147.78
	Provident fund, ESOP and others	13.55	44.68
Mr. Samit S Shetty	Sitting fees	12.00	14.00
Mr. R.Sridharan	Sitting fees	19.00	22.00
Mr. Natarajan Girija Shankar	Sitting fees	1.15	-
Ms. Meena Jagtiani	Sitting fees	0.65	-
Ms. Usha A Narayanan	Sitting fees	18.00	18.00
Mr. Abhik Sarkar	Remuneration and incentives	82.94	55.75
	Provident fund, ESOP and others	26.77	16.31
Mr. Anup Kumar Guptha	Remuneration and incentives	45.50	29.36
	Provident fund, ESOP and others	17.31	7.82
Mr. Sachin Bansal	Remuneration and incentives	0.00	0.00
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	312.50	-

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

Name of related party	Nature of transaction	As at March 31, 2024	As at March 31, 2023
	Securities premium received	1,562.50	-
	Reimbursment of expenditure incurred from related party	3.06	429.40
	Capital contribution from NTL - Vested units**	155.26	-
	Capital contribution from NTL - Unvested units **	144.02	-
	ESOP Expenditure*	126.47	332.40
Navi AMC Limited	Purchase of Mutual Funds	(3,800.00)	(2,000.00)
	Redemption of Mutual Funds	3,815.49	2,540.66
	Gain/(Loss) on Redemption of Mutual Funds	15.49	19.11
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Purchase of Bonds^	-	2,294.00
	Interest & Gain/(Loss) on Bonds	21.97	11.64
	Redemption of Bonds^	1,301.05	(1,020.32)
	Face value of equity shares allotted*	937.50	4,166.67
	Securities premium received*	4,687.50	13,333.33
	Inter Corporate loan received	-	9,500.00
	Inter Corporate loan paid	-	(9,500.00)
	Interest on Inter Corporate loan	-	55.22
	Payment towards purchase of portfolio	(159.60)	(15,608.78)
	Receipt for assignment transaction	14.38	2,145.41
	Receipt towards Portfolio Collection	-	43.53
Aditya Birla Finance Limited	Repayment of Borrowings	(1,875.00)	-
	Interest on borrowings	56.02	-

* * ESOP expenditure to NTL also includes the ESOPs awarded to the KMPs

^ These bonds are purchased and sold through secondary market.

** Notional entries, no Impact on networth and cash postion of the Company due to this.

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

Name of related party	Nature of transaction	As at March 31, 2024	As at March 31, 2023
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Outstanding (payable) - DA Assignment	-	(92.69)
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Outstanding receivable- CRIDS buyout portfolio	-	4.52
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	Outstanding (payable) - Expense reimbursement	-	(10.57)
Navi Technologies Limited (Formerly known as Navi Technologies Private Limited)	ESOP expenses Payable	-	(19.04)

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

Name of related party	Nature of transaction	As at March 31, 2024	As at March 31, 2023
Navi Finserv Limited (formerly known as Navi Finserv Private Limited)	Investments in Bonds	-	1,285.27

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

42.1 Related party disclosures

Company as a lessee The company's leased assets mainly comprise office buildings taken on lease. Certain agreements provide for cancellation by either party or certain agree

Related Party	Parent (as per ownership or control)		Subsidiaries		Associates/ Joint ventures		Directors		Relatives of Directors		Other Key Management Personnel		Relatives of Other Key Management Personnel		Others		Total	
Particulars	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23	Mar-24	Mar-23
Borrowings																		
Outstanding	-	-															-	-
Maximum during the year*	1,875.00	9,500.00															1,875.00	9,500.00
Deposits																		
Outstanding																	-	-
Maximum during the year*																	-	-
Placement of deposits																		
Outstanding																	-	-
Maximum during the year*																	-	-
Advances																		
Outstanding																	-	-
Maximum during the year*																	-	-
Investments																		
Outstanding	-	1,285.27			-	-											-	1,285.27
Maximum during the year*	1,279.08	1,279.08													1,000.00	1,500.00	2,279.08	2,779.08
Payable on DA transaction	-	(92.69)															-	(92.69)
Other Outstanding	-	(25.09)															-	(25.09)
Purchase of fixed/ other assets																		
Sale of fixed/other assets																	-	-
Interest paid	56.02	55.22															56.02	55.22
Interest received																	-	-
Others																	-	-
- Remuneration and incentives							157.57	192.47			172.52	109.24					330.09	301.71
- ESOP Expenditure cross charged	126.47	332.40															126.47	332.40
- Reimbursement of expenditure	3.06	429.40															3.06	429.40
- Face value of equity shares allotted	1,250.00	4,166.67															1,250.00	4,166.67
- Securities premium received	6,250.00	13,333.33															6,250.00	13,333.33
- Receipt for assignment transaction	14.38	2,145.41															14.38	2,145.41
- Payment towards purchase of portfolio	(159.6)	(15,608.78)															(159.60)	(5,608.78)
- Receipt towards Portfolio Collection	-	43.53															-	43.53
- Capital contribution on ESOP	299.28																299.28	-
- Others	21.97	11.64					50.80	54.00							15.49	19.11	88.26	84.75

*The amount of maximum outstanding during the year is taken considering only the principal due in case of borrowings/ purchase price in case of investments.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

Particulars	As at March 31, 2024	As at March 31, 2023
Tier 1 capital	94,893.98	63,382.80
Tier 2 capital	22,595.81	25,058.48
Total capital funds	**1,17,489.79**	**88,441.28**
Risk weighted assets	**5,27,664.85**	**3,95,902.10**
Common Equity Tier 1 capital ratio	17.98%	16.01%
Common Equity Tier 2 capital ratio	4.28%	6.33%
Total capital ratio	**22.27%**	**22.34%**

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 March 31, 2024	As at March 31, 2023
Financial assets measured at fair value through P&L			
Investments	Note - 8	11,559.93	13,478.24
Financial assets measured at fair value through OCI			
Loans	Note - 7	55,096.25	20,007.60
Financial assets measured at amortised cost			-
Cash and cash equivalents	Note - 4	32,403.40	34,162.00
Bank balance other than cash and cash equivalents	Note - 5	6,842.59	2,085.98
Other receivables	Note - 6	0.73	4.50
Loans	Note - 7	4,57,848.92	3,58,054.80
Other financial assets	Note - 9	10,482.14	6,310.19
Total		**5,74,233.96**	**4,34,103.31**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Note	As at March 31, 2024	As at March 31, 2023
Financial liabilities measured at amortised cost			
Trade payables	Note - 15	888.43	1,366.83
Other payables	Note - 16	-	-
Debt securities	Note - 17	31,826.58	15,870.50
Borrowings (other than debt securities)	Note - 18	3,94,335.33	3,10,579.00
Subordinated liabilities	Note - 19	20,477.27	20,305.80
Lease liabilities		661.98	554.7
Other financial liabilities	Note - 20	19,433.11	14,564.10
Total		**4,67,622.70**	**3,63,240.93**

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 March 31, 2024	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in Govt. Securities	11,559.93	-	-	11,559.93
Investments in Debt securities	-	-	-	-
Financial assets measured at FVTOCI				
Loans	-	-	55,096.25	55,096.25

As at March 31, 2024	Level-1	Level-2	Level-3	Total
Financial assets measured at FVTPL				
Investments in Govt. Securities	-	-	-	-
Investments in Debt securities	13,478.24	-	-	13,478.24
Investments in Debt securities	**-**	**-**		
Financial assets measured at FVTOCI	-	-		-
Loans	-	-	20,007.60	20,007.60

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 3 at fair value based on a discounted cash flow model of the contractual cash flows of solely payment of principal and interest.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 March 31, 2024		As at March 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	32,403.40	32,403.40	34,162.00	34,162.00
Bank balance other than cash and cash equivalents	6,842.59	6,842.59	2,085.98	2,086.00
Other receivables	0.73	0.73	4.50	4.50
Loans (measured at amortised cost)	4,57,848.92	4,75,236.69	3,58,054.80	3,63,063.30
Investments at amortised cost	-	-	-	-
Other financial assets	10,482.14	10,482.14	6,310.19	6,310.20
Total financial assets	**5,07,577.78**	**5,24,965.55**	**4,00,617.47**	**4,05,626.00**
Financial liabilities:				
Trade payables	888.43	888.43	1,366.80	1,366.83
Other payables	-	-	-	-
Debt securities	31,826.58	33,213.25	15,870.50	16,388.00
Borrowings (other than debt securities)	3,94,335.33	3,94,491.27	3,10,579.00	3,10,425.80
Subordinated liabilities	20,477.27	23,831.61	20,305.80	23,653.60
Lease liabilities	661.98	661.98	554.70	554.70
Other financial liabilities	19,433.11	19,433.11	14,564.10	14,564.10
Total financial liabilities	**4,67,622.70**	**4,72,519.65**	**3,63,240.90**	**3,66,953.03**

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.

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

45 Risk management

Risk is fundamental to the company's operations, and effective risk management is vital for its resilience. As a financial services provider, the company encounters various inherent risks in its lending operations and operating environment, notably including credit, liquidity, market, currency, and operational risks. The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles. The company has implemented an Enterprise Risk Management (ERM) Framework for identifying, measuring, monitoring, and controlling all risks exposed by the firm. This note explains the sources of risk to which the entity is exposed and how the entity manages the risk, along with the related impact on the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	The Company is exposed to credit risk due to its risk-taking activity & faces inherent credit risks including non-payment, collection challenges, and concentration risks. Amidst its strategic risk-taking, The Company prioritizes robust risk management to navigate the complexities of the lending landscape, ensuring sustainable growth and financial resilience.	PAR analysis, Regular monitoring of pre-closures,non-starters, Quick mortality accounts, First time OD (FTOD) Analysis.	Measures including field credit assessment, credit bureau checks, Central QC & Underwriting team for Joint Liability Group Arrangements, Key Risk Indicators, and PAR Analysis are employed. The Risk function continuously monitors various thresholds and appetites as prescribed in the Enterprise Risk Management (ERM) Policy, reporting to the Management for necessary action. Appetite limits, such as concentration limits and PAR limits, are included in this monitoring.
Liquidity risk	The Company is exposed to Liquidity & Liquidity mismatch risk from funds raising activities and disbursement commitment.	Cash flow forecasts, Regular monitoring of liquidty ratios like LCR and dynamic coverage ratios	Company maintains suffient committed borrowing, utilizes other credit facilities, and sells loan assets when necessary. The middle office function monitors the daily liquidity position. Additionally, the Risk function conducts stress testing on the LCR and SLS regularly, presenting findings to the ALCO for necessary action.
Market risk - interest rate	Borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	The Risk function conducts various DGA analyses to assess the impact of changing interest rates. The focus of the DGA is to measure the level of an institution's exposure to interest rate risk in terms of the sensitivity of the Market Value of its Equity (MVE) to interest rate movements and presenting the results to the ALCO Committee for taking necessary action. Also review of cost of funds and pricing of disbursement is done on quaterly basis
Market risk - security price	Investments		Diversification of portfolio with focus on strategic investments within the limit as prescribe in the Investment policy.
Currency Risk	Forex risk results from a mismatch between assets and liabilities in a currency and their associated cashflows in respect to size and maturity. Chaitanya may borrow in foreign currency from institutions abroad and such borrowing exposes the Company to risk as loan assets are in Indian Rupees.	Such risk can be mitigated by appropriate hedging strategy or may remain open if within acceptable limit.	Chaitanya shall not maintain any open foreign currency position; all foreign currency borrowing must be adequately hedged. Chaitanya is not authorized to maintain a proprietary trading book in short-term foreign currency instruments. Any foreign currency transaction must display a clear linkage to the customer-related business.
Operational risk	The Company encounters operational risks stemming from process failures, human error, system vulnerabilities, and external disruptions, including third-party liabilities and fraud, both internal and external.	Assessment of Internal risk controls and maintaining risk registers. Assessing the Third Party Risk for all the material vendors. The organization has developed a branch risk rating model that provides a comprehensive evaluation of each branch's performance & make a early detection of the potential risk.	Proactively addressing these multifaceted risks through comprehensive Enterprise risk management frameworks safeguards the company's operations, ensuring resilience and continuity amidst dynamic challenges. Maintaining Risk Registers, Internal Control Testing, Business continuity plans (BCP), Monitoring of Operational risk using Key Performance (KPI) and Key Risk Indicators (KRI), Third Party Risk Assessment, Insurance etc.
Information and Technology risk management	The Company faces information security, technology, and cyber risks inherent to its business model, data assets, and technological infrastructure. Implementing robust cybersecurity measures is pivotal for safeguarding The Company's operations and data integrity.	Base line Cyber Security Assessment	The Company has a robust information security framework, conducting risk assessments for both internal and external threats concerning information assets, new products, and processes. Management ensures continuous monitoring and patch management. Additionally, the company has implemented SOC/SIEM and EDR systems, along with firewalls, to proactively detect and control cyber risks.
Climate change risk	The Company is exposed to the Climate change risk due to its exposure in High climate risk geography.	Portfolio Monitoring in the affected geography/region	Limiting the exposure of climate risk through geographical threshold and portfolio monitoring, Exploring possible Insurance solutions to transfer Climate change risks.
Systemic Risk	External events impacting the system as a whole (industry, or economy, or both), e.g. Demonetisation, Novel Coronavirus 2019 (COVID-19)	Monitoring of external events, ageing analysis of industry data on loans, recovery trends witnessed by the sector	The Company prioritize the preservation of adequate liquidity to meet near-term cash outflows and expense obligations, ensure capital and borrowing capacity adequacy, and diversify our portfolio across geographies and customer profiles. Additionally, the Company buffer provisions to meet unexpected losses. The organization has implemented a robust Business Continuity Plan to address such scenarios effectively.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

The Company has implemented comprehensive Enterprise Risk Management policy 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.

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
- Monitoring of Risk Appetite thresholds
- 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 March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 continuous 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.
- 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.
- Appropriate policy-driven loan origination and collection process.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 primarily 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 material 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 NPA as per RBI IRAC norms.

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**

* Apart from the above, NPA loans are classified as Stage III irrespective of DPD as per Income Recognition & Asset Classification (IRAC) norms of RBI.

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.
- In case of microfinance customers, if the customer or her spouse expires, the balance repayment has to come from the Life insurer.
- 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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

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 March 31, 2024	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	32,403.40	-	32,403.40
Bank balance other than cash and cash equivalents	6,842.59	-	6,842.59
Trade receivables Investments	0.73	-	0.73
Other financial assets	11,559.93	-	11,559.93
Total	10,474.49	(170.58)	10,303.91

As at March 31, 2023	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	34,162.00	-	34,162.00
Bank balance other than cash and cash equivalents	2,086.00	-	2,086.00
Trade receivables Investments	4.50	-	4.50
Other financial assets	13,478.24	-	13,478.24
Total	6,587.60	(277.41)	6,310.19

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 March 31, 2024:

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	32,403.40	-	-	-	32,403.40
Bank balance other than cash and cash equivalents	2,382.70	4,459.89	-	-	6,842.59
Trade Receivables	0.73	-	-	-	0.73
Loans	3,33,509.18	1,79,029.61	391.50	14.88	5,12,945.17
Investments	11,559.93	-	-	-	11,559.93
Other financial assets	9,011.11	1,325.58	113.46	31.99	10,482.14
Total undiscounted financial assets	**3,88,867.05**	**1,84,815.08**	**504.96**	**46.87**	**5,74,233.96**
Financial liabilities					
Trade payables	888.43	-	-	-	888.43
Other payables	-	-	-	-	-
Borrowings	2,48,500.61	1,79,160.37	18,978.20	-	4,46,639.18
Other financial liabilities	19,433.11	-	-	-	19,433.11
Lease liabilities	139.75	364.61	157.61	-	661.98
Total undiscounted financial liabilities	**2,68,961.91**	**1,79,524.98**	**19,135.81**	**-**	**4,67,622.70**
Net undiscounted financial assets/(liabilities)	**1,19,905.14**	**5,290.10**	**(18,630.85)**	**46.87**	**1,06,611.26**

Maturity pattern of assets and liabilities as on March 31, 2023:

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	34,162.00	-	-	-	34,162.00
Bank balance other than cash and cash equivalents	628.40	1,457.58	-	-	2,085.98
Trade Receivables	4.50	-	-	-	4.50
Loans	2,29,894.00	1,47,941.20	171.40	55.80	3,78,062.40
Investments	13,478.24	-	-	-	13,478.24
Other financial assets	5,550.00	687.00	51.19	22.00	6,310.19
Total undiscounted financial assets	**2,83,717.14**	**1,50,085.78**	**222.59**	**77.80**	**4,34,103.31**
Financial liabilities					
Trade payables	1,366.80	-	-	-	1,366.80
Other payables	-	-	-	-	-
Borrowings	2,03,600.60	1,19,350.10	4,996.40	18,808.20	3,46,755.30
Other financial liabilities	14,564.10	-	-	-	14,564.10
Lease liabilities	98.30	246.90	209.50	-	554.70
Total undiscounted financial liabilities	**2,19,629.80**	**1,19,597.00**	**5,205.90**	**18,808.20**	**3,63,240.90**
Net undiscounted financial assets/(liabilities)	**64,087.34**	**30,488.78**	**(4,983.31)**	**(18,730.40)**	**70,862.41**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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 total liabilities is 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.

The Company is subject to interest rate risk, principally because lending to clients is at fixed interest rates, 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 March 31, 2024	Effect on Statement of Profit and Loss for year ended March 31, 2023
0.50% increase	1,983.49	1,374.23
0.50% decrease	(1,983.49)	(1,374.23)

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 March 31, 2024	Effect on Statement of Profit and Loss for year ended March 31, 2023
Net asset value - 1% increase	115.60	134.78
Net asset value - 1% decrease	(115.60)	(134.78)

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.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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.

45.5 Information and Technology Risk Management

The Company understands that the use of technology-intensive information systems is vital to support its mission and business functions. However, these systems are subject to serious threats that can have adverse effects on organizational operations, assets, and individuals. Therefore, it is imperative that all users of The Company understand their responsibilities and are held accountable for managing information risk.

The above is in line with the RBI Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices, 2023 dated 7th November, 2023

Information and Technology Risk Management Principles:

The Company will adhere to the following principles of information risk management:

a) Confidentiality - Ensuring access to sensitive data is only granted to authorized users.

b) Integrity - Ensuring the accuracy and reliability of information by preventing unauthorized modification.

c) Availability - Ensuring that data is available to users when needed.

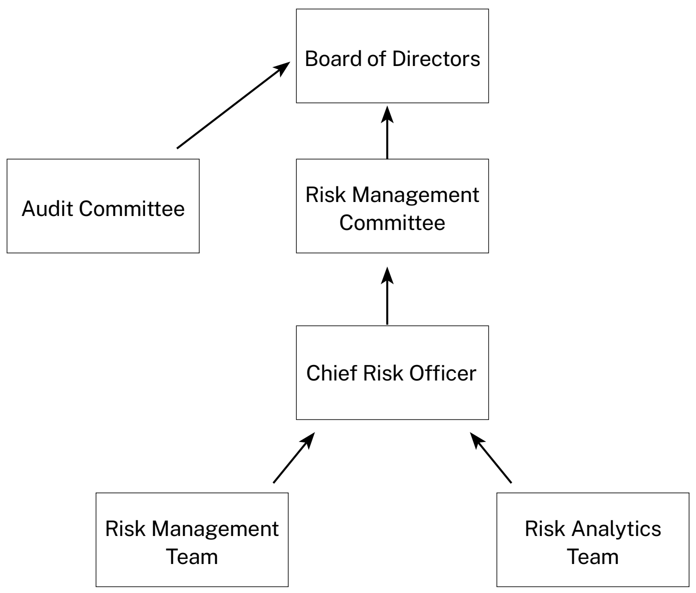
d) Authenticity - Ensuring that data, transactions, communications, or documents are genuine.

45.6 Climate Change Risk

The Company recognizes the risks posed by climate change and is committed to taking action to mitigate those risks. As part of our Risk Management framework, we have incorporated climate risk management as a priority area.

Management of Climate risk: We will monitor our exposure in climate change vulnerable geography and limit our exposure through portfolio monitoring and thresholds.

Risk Management Structure



Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs 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

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.

	a. Corporate social responsibility (CSR) expenditure	As at March 31, 2024	As at March 31, 2023
(i)	Gross amount required to be spent by the Company during the year	192.20	68.36
(ii)	Amount approved by the Board to be spent during the year	193.00	70.00
(iii)	Amount spent during the period/year (in cash)		
	- construction/ acquisition of any asset	-	-
	- on purpose other than above	217.95	68.91
(iv)	Shortfall at the end of the year	-	-
(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 year should be shown separately	-	-
	- Health/Eradicating Hunger/Poverty and malnutrition/Safe Drinking water/ Sanitation/Promoting Education/Training	217.95	68.91

Key CSR activities undertaken by the Company in FY2023-24 area) Education (Learning centres) b) Basic Amenities (RO purifiers) c) Disaster Management d) Environment (Afforestation) e) Health (check up camps).

48 Credit rating

Instruments	Credit rating agency	Date of Rating	Current Rating	Previous Rating	Borrowing Limit	Valid upto
Non convertible debentures	India Rating and Research Pvt. Ltd.	18-08-2023	IND A/Rating Watch with Developing Implications	IND A/Stable	15,000.00	18-08-2024
Principal Protected Market Linked Debenture	India Rating and Research Pvt. Ltd.	18-08-2023	IND PP-MLDAemr/ Rating Watch with Developing Implications	IND PP-MLDAemr/ Stable	5,000.00	18-08-2024
Commercial paper	India Rating and Research Pvt. Ltd.	18-08-2023	IND A1/Rating Watch with Developing Implications	IND A1	20,000.00	18-08-2024
Subordinated Debt	India Rating and Research Pvt. Ltd.	18-08-2023	IND A/Rating Watch with Developing Implications	IND A/Stable	20,000.00	18-08-2024
Bank Lines	India Rating and Research Pvt. Ltd.	18-08-2023	IND A/Rating Watch with Developing Implications	IND A/Stable	30,000.00	18-08-2024
Bank Lines	CRISIL	20-03-2024	CRISIL AA-/Stable	CRISIL A/'Rating Watch with Developing Implications	4,20,000.00	23-03-2025
Non convertible debentures	CRISIL	20-03-2024	CRISIL AA-/Stable	CRISIL A/'Rating Watch with Positive Implications	34,500.00	23-03-2025
Bank Lines	CARE Ratings Ltd	18-03-2024	CARE AA-/Stable	NA	50,000.00	18-08-2025
Commercial paper	CARE Ratings Ltd	18-03-2024	CARE A1+	CARE A1 (RWP)	20,000.00	18-08-2025
Non convertible debentures	CARE Ratings Ltd	17-03-2021	CARE A (CE) Stable	NA	5,000.00	30-03-2025

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Additional disclosures required by the Reserve Bank of India (RBI)
(Disclosures are made as per Ind AS financial statements except otherwise stated)

49 Capital adequacy ratio

	Particulars	As at March 31, 2024	As at March 31, 2023
i)	**CRAR (%)**	**22.27%**	**22.34%**
ii)	CRAR - Tier I Capital (%)	17.98%	16.01%
iii)	CRAR - Tier II Capital (%)	4.28%	6.33%
iv)	Amount of subordinated debt raised as Tier-II capital*	16,000	20,300
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

* Discounted value of ₹ 16,000 lakhs (March 31, 2023: ₹ 20,300 lakhs) considered for Tier II capital against the book value of ₹ 21,500 lakhs (March 31, 2023: ₹ 21,500 lakhs).

50 Investments

Particulars		As at March 31, 2024	As at March 31, 2023
(1)	**Value of investments**		
(i)	Gross value of investments	11,559.93	13,478.24
	(a) In India	11,559.93	13,478.24
	(b) Outside India	-	-
(ii)	Impairment provisions on investments		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net value of investments	11,559.93	13,478.24
	(a) In India	11,559.93	13,478.24
	(b) Outside India	-	-
(2)	**Movement of impairment provisions on investments**		
(i)	Opening balance	-	-
(ii)	Add : Provisions made during the year	-	-
(iii)	Less : Write-off/write-back of excess provisions during the year	-	-
(iv)	Closing balance	-	-

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

51 Disclosure as per Master Direction- Reserve Bank of India (Securitisation of Standard Assets Directions, 2021)

Details of financial assets sold to securitisation

Sl No.	Particulars	As at March 31, 2024	As at March 31, 2023
1	No. of SPEs holding assets for securitisation transactions originated by originator (only the SPVs relating to outstanding securitization exposures to be reported here)	-	1.00
2	Total amount of securitised assets as per books of the SPEs	-	4,083.96
3	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	· First Loss	-	-
	· Others	-	-
	b) On-balance sheet exposures		
	· First Loss	-	380.59
	· Others	-	888.04
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	-	-
5	Sale consideration received for securitised assets and gain/loss on sale on account of securitisation	-	5,455.11
6	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.	-	-
7	Performance of facility provided. Please provide separately for each facility viz. credit enhancement, liquidity support, servicing agent, etc. Mention bracket as of total value of facility provided.		
	a) Amount paid	-	-
	b) Repayment received	-	-
	c) Outstanding amount	-	380.59
8	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle loans, etc	-	-
9	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle loans, etc	NIL	NIL
10	Investor complaints (a) Directly/ Indirectly received and (b) Complaints outstanding	NIL	NIL

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

51.1 Details of assignment transactions undertaken by the Company

The Company has assigned loans by way of direct assignment. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the extent of 90% of the assets transferred to the buyer, the assets have been de-recognised from the Company's Balance Sheet. The table below summarises the carrying amount of the derecognised financial assets measured at fair value and the gain/(loss) on derecognition during the year:

Details of transfer through Direct assignment during the year and quarter ended March 31, 2024:

S. No.	Particulars	For the year ended March 31, 2024	For the quarter ended March 31, 2024
1	Number of Loans	6,55,497	1,67,894
2	Aggregate amount	1,97,001.19	51,820.48
3	Sale consideration	1,77,301.08	46,638.43
4	Number of Transactions	15	3
5	Weighted average remaining Maturity(In months)	16	16
6	Weighted average holding period after Origination(In months)	7	8
7	Retention of beneficial economic interest	10%	10%
8	Coverage of tangible Security Coverage	-	-
9	Rating wise distribution of rated loans	-	-
10	Number of instances (transactions) where transferred as agreed to replace the transferred loans	-	-
11	Number of transferred loans replaced	-	-

Details of transfer through Co-lending akin to Direct Assignment during the year and quarter ended March 31, 2024:
The Company has transferred loans through Co-lending arrangements under CLM 2 model to the respective participating bank which are akin to Direct Assignment transaction under circular no.RBI/2020-21/63 FIDD.CO.Plan.BC.No.8/04.09.01/2020-21, dated November 05, 2020 pertaining to Co-lending by banks and NBFCs to priority sector.

S. No.	Particulars	For the year ended March 31, 2024	For the quarter ended March 31, 2024
1	Number of Loans	98,649	44,921
2	Aggregate amount	41,104.42	18,659.67
3	Sale consideration	32,022.57	14,927.57
4	Number of Transactions	19	6
5	Weighted average remaining Maturity(In months)	23	23
6	Weighted average holding period after Origination(In months)	1	0
7	Retention of beneficial economic interest	20%-25%	20%
8	Coverage of tangible Security Coverage	-	-
9	Rating wise distribution of rated loans	-	-
10	Number of instances (transactions) where transferred as agreed to replace the	-	-
11	Number of transferred loans replaced	-	-

Note:

i) The Company has not transferred any non-performing assets (NPAs)

ii) The Company has not acquired any loans through assignment.

iii) The Company has not acquired any stressed loan.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

51.2 Details of non-performing financial assets purchased/sold

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
i) No. of accounts	-	-
ii) Total amount outstanding	-	-

Note: The Company has neither sold nor purchased non-performing financial assets during the year ended March 31, 2024 and March 31, 2023.

51.3 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 March 31, 2024 and March 31, 2023.

52 Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2024

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	3,617.58	3,981.24	13,421.92	22,600.68	25,356.21	68,126.67	1,11,396.29	1,79,160.37	18,978.20	-	4,46,639.18
Loans	8,456.16	6,599.34	17,799.55	30,238.36	26,605.39	85,380.65	1,58,429.72	1,79,029.61	391.5	14.88	5,12,945.17
Investments	4,999.44	-	6,560.49	-	-	-	-	-	-	-	11,559.93

Asset liability management maturity pattern of certain items of assets and liabilities as at March 31, 2023

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	2,681.00	3,670.10	10,624.10	20,406.20	16,214.70	53,917.90	96,086.70	1,19,350.00	4,996.40	18,808.20	3,46,755.30
Loans	4,501.30	4,484.10	10,942.90	20,424.20	20,005.60	58,346.50	1,11,189.40	1,47,941.20	171.40	55.80	3,78,062.40
Investments	-	5,109.90	7,085.34	1,283.00	-	-	-	-	-	-	13,478.24

Note:

(i) Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

(ii) All borrowings are disclosed based on the contractual maturities.

(iii) There are no breach of covenants during the year and there are no default in repayment of borrowings during the year.

53 Exposure to real estate sector

Particulars	As at March 31, 2024	As at March 31, 2023
A. Direct exposure		
i) Residential mortgages	120.44	246.90
(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)		
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil
B. Indirect Exposure		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies.	Nil	Nil
Total Exposure to Real Estate Sector	**120.44**	**246.90**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

54 Exposure to capital market

The Company does not have any exposure to capital market as at March 31, 2024 and March 31, 2023.

55 Sectoral Exposure

Sector	As at March 31, 2024			As at March 31, 2023		
	Total On balancesheet exposure	Gross NPA	Percentage of Gross NPAs to total on balance-sheet in that sector	Total On balancesheet exposure	Gross NPA	Percentage of Gross NPAs to total on balance-sheet in that sector
1. Agriculture and Allied Activities	3,50,964.58	1,176.30	0.34%	2,57,703.10	653.43	0.25%
2. Industry	-	-	0.00%	-	-	0.00%
3. Services	27,233.70	53.08	0.19%	19,216.40	18.74	0.10%
4. Personal Loans	21,146.02	29.35	0.14%	14,665.39	245.96	1.68%
5. Others	-	-		-	-	
(i) Corporate Borrowers	-	-	0.00%	-	-	0.00%
(ii) Others	1,25,824.97	289.55	0.23%	92,469.71	154.07	0.17%

56 Intra-group exposures

The Company has no intra-group exposure for the year ended March 31, 2024 and March 31, 2023.

57 Unhedged foreign currency exposure

The Company has no unhedged foreign currency exposure for the year ended March 31, 2024 and March 31, 2023.

58 Details of financing of parent company products

The Company has not financed parent company products for the year ended March 31, 2024 and March 31, 2023.

59 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 March 31, 2024 and March 31, 2023.

60 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 ₹ 525020.29 lakhs (March 31, 2023: ₹ 383759.5 lakhs) disclosed in Note 7 are without any collateral or security.

61 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)

62 Related party transactions

Please refer to Note No. 42 and 42.1 for related party transactions and related disclosures.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

63 Provisions and contingencies

Asset Classification as per RBI Norms March 31, 2024	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	5,22,748.96	10,515.77	5,12,233.19	5,234.23	5,281.55
	Stage 2	872.03	392.50	479.53	8.72	383.79
Subtotal		**5,23,620.99**	**10,908.28**	**5,12,712.72**	**5,242.94**	**5,665.33**
Non-Performing assets (NPA)						
Substandard	Stage 3	1,343.53	1,114.61	228.92	13.49	1,101.12
Doubtful - up to 1 year	Stage 3	49.99	48.28	1.71	0.50	47.78
1 to 3 years	Stage 3	87.40	85.87	1.53	0.87	84.99
More than 3 years	Stage 3	67.36	67.06	0.30	0.67	66.39
Subtotal for doubtful		**204.75**	**201.21**	**3.54**	**2.05**	**199.16**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,548.28**	**1,315.82**	**232.46**	**15.53**	**1,300.29**
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	**5,22,748.96**	**10,515.77**	**5,12,233.19**	**5,234.23**	**5,281.55**
	Stage 2	872.03	392.50	479.53	8.72	383.79
	Stage 3	1,548.28	1,315.82	232.46	15.53	1,300.28
	Total	**5,25,169.27**	**12,224.10**	**5,12,945.18**	**5,258.48**	**6,965.62**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

Asset Classification as per RBI Norms March 31, 2023	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	3,82,640.10	4,948.30	3,77,691.80	3,841.27	1,107.03
	Stage 2	342.31	146.00	196.31	3.42	142.58
Subtotal		**3,82,982.40**	**5,094.30**	**3,77,888.10**	**3,844.70**	**1,249.60**
Non-Performing assets (NPA)						
Substandard	Stage 3	686.83	555.90	130.93	6.88	549.02
Doubtful - up to 1 year	Stage 3	227.10	188.90	38.20	2.27	186.63
1 to 3 years	Stage 3	98.33	93.20	5.13	0.98	92.22
More than 3 years	Stage 3	59.93	59.90	0.03	0.60	59.30
Subtotal for doubtful		**385.36**	**342.00**	**43.36**	**3.85**	**338.15**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,072.19**	**897.90**	**174.29**	**10.74**	**887.17**
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	**3,82,640.10**	**4,948.30**	**3,77,691.80**	**3,841.27**	**1,107.03**
	Stage 2	342.31	146.00	196.31	3.42	142.58
	Stage 3	1,072.19	897.90	174.29	10.74	887.17
	Total	**3,84,054.60**	**5,992.20**	**3,78,062.40**	**3,855.43**	**2,136.78**

Note: The above figures represent provisions determined in accordance with Asset Classification and Provisioning Norms as stipulated under Master Directions (IRAC norms of RBI)

63.1 Provisions and contingencies

Break up of 'Provisions and contingencies' shown under the head expenditure in the Statement of Profit and Loss	As at March 31, 2024	As at March 31, 2023
Provision towards NPA	417.88	(1,153.90)
Provision for standard assets	5,814.00	2,383.10
Provision made towards income tax	9,726.57	4,466.40
Other Provision and contingencies (with details)		
i) Provision for gratuity*	347.73	234.64
ii) Provision for compensated absences*	416.84	272.46
iii) Provision for incentive	1,730.81	1,082.68
iv) Provision for statutory bonus	1,596.11	1,279.32
v) Provision for fraud	6.29	(0.10)
vi) Provision for other receivables	(106.84)	(31.64)

* Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves

There has been no draw down from reserve during the year ended March 31, 2024 and March 31, 2023.

65 Gold Loans

The company has no loans outstanding for the year ended March 31, 2024 and March 31, 2023 against gold.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

66 Concentration of deposits, advances, exposures and NPAs

66.1 Concentration of advances

Particulars	As at March 31, 2024	As at March 31, 2023
Total advances to twenty largest borrowers	67.93	62.10
Percentage of advances to twenty largest borrowers to total advances of the NBFC	0.01%	0.02%

66.2 Concentration of exposures

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to twenty largest borrowers/customers	67.93	62.10
Percentage of exposures to twenty largest borrowers/customers to total exposure of the NBFC borrowers/customers	0.01%	0.02%

66.3 Concentration of NPAs

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to top four NPA accounts	14.58	14.90

67 Movement of NPAs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i) Net NPAs to net advances (%)	**0.04%**	**0.05%**
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,072.20	2,937.10
(b) Additions during the year	1,472.83	1,191.70
(c) Reductions during the year	(996.74)	(3,056.60)
(d) Closing balance	**1,548.28**	**1,072.20**
(iii) Movement of NPAs		
(a) Opening balance	174.30	885.30
(b) Additions during the year	224.61	969.80
(c) Reductions during the year	(166.40)	(1,680.80)
(d) Closing balance	**232.51**	**174.30**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	897.90	2,051.80
(b) Provisions made during the year	1,248.22	221.90
(c) (Write-off)/write-back of excess provisions	(830.34)	(1,375.80)
(d) Closing balance	**1,315.78**	**897.90**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

68 Disclosure as required by virtue of RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023

Particulars	As at March 31, 2024 Outstanding	As at March 31, 2024 Overdue	As at March 31, 2023 Outstanding	As at March 31, 2023 Overdue
Liabilities side:				
1 Loans and advances availed by the Non-Banking Financial-Company inclusive of interest accrued thereon but not paid				
(a) Debentures				
: Secured	6,236.27	-	10,991.21	-
: Unsecured	25,818.56	-	5,156.34	-
(other than falling within the meaning of Public deposits)			-	
(b) Deferred credits	-	-	-	-
(c) Term loans	3,95,466.66	-	3,06,378.44	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	**1,471.53**	-
(f) Public deposits	-	-	-	-
(g) Other loans:			-	
Other unsecured loans against assets of the Company	20,508.41	-	20,336.50	-
Secured loans against assets of the Company	-	-	3,191.48	-
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 March 31, 2024 Outstanding	As at March 31, 2023 Outstanding
3 Break-up of Loans and advances including bills receivables (other than those included in (4) below) :		
(a) Secured	148.98	295.10
(b) Unsecured	5,25,020.29	3,83,759.50
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	-	13,478.24
(III) Units of mutual funds	-	-
(IV) Government securities	11,559.93	-
(V) Others (please specify)	-	-

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

68 **Disclosure as required by virtue of RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023**

Assets side :	As at March 31, 2024 Outstanding	As at March 31, 2023 Outstanding
2. Unquoted :		
(I) Shares :	-	-
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)*	-	-
(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)	-	-
2. Unquoted :		
(I) Shares :		
(a) Equity	-	-
(b) Preference	-	-
(II) Debentures and bonds	-	-
(III) Units of mutual funds	-	-
(IV) Government securities	-	-
(V) Others (please specify)	-	-

* In Pass Through Certificates (PTC) representing securitisation of loan receivables

68 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:

68.1 Borrower group-wise classification of assets financed:

Category	As at March 31, 2024				As at March 31, 2023			
	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	148.98	5,25,020.29	(12,224.10)	5,12,945.17	295.10	3,83,759.50	(5,992.20)	3,78,062.40
Total	**148.98**	**5,25,020.29**	**(12,224.10)**	**5,12,945.17**	**295.10**	**3,83,759.50**	**(5,992.20)**	**3,78,062.40**

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

Category	As at March 31, 2024		As at March 31, 2023	
	Market value/ Breakupor fair value or NAV	Market value/ Breakupor fair value or NAV	Market value/ Breakupor fair value or NAV	Market value/ Breakupor fair value or NAV
Liabilities side:				
1. Related parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	1,285.27	1,285.27
(c) Other related parties	-	-	-	-
2. Other than related parties	11,559.93	11,559.93	12,192.96	12,192.96
Total	**11,559.93**	**11,559.93**	**13,478.24**	**13,478.24**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

68.3 Other information

Category	As at March 31, 2024	As at March 31, 2023
(i) Gross Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	1,548.28	1,072.20
(ii) Net Non-Performing assets		
(a) Related parties	-	-
(b) Other than related parties	232.51	174.30

69 Public disclosure on Liquidity risk management

a) Funding concentration based on significant Counterparty* (both deposits/ borrowings)

As at March 31, 2024

Number of significant counterparties	Amount	% of Total Deposit	% of Total Liabilities
27	3,98,721.53	-	84.35%

As at March 31, 2023

Number of significant counterparties	Amount	% of Total Deposit	% of Total Liabilities
28	3,13,506.39	-	85.47%

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)

As at March 31, 2024

Amount	% of Total Borrowings
2,60,904.78	58.42%

As at March 31, 2023

Amount	% of Total Borrowings
1,93,029.04	55.67%

d) Funding concentration based on significant instrument / product

Particulars	As at March 31, 2024	% of Total Liabilities	As at March 31, 2023	% of Total Liabilities
Term loans from Banks	3,09,815.32	65.54%	2,68,749.00	73.27%
Term Loans from Financial Institutions	84,520.01	17.88%	37,185.70	10.14%
Non Convertible debentures	31,826.58	6.73%	15,870.50	4.33%
Subordinated Liabilities	20,477.27	4.33%	20,305.80	5.54%
Commercial Paper	-	0.00%	1,463.84	0.40%
Borrowings under Securitization arrangement	-	0.00%	3,180.50	0.87%

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

e) Stock Ratios

As at March 31, 2024

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	0.00%	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year)	-	-	-
Other short-term liabilities	7.02%	5.07%	4.12%

As at March 31, 2023

Particulars	as a % of total public funds*	as a % of total liabilities*	as a % of total assets
Commercial papers	0.51%	0.40%	0.33%
Non-convertible debentures (original maturity of less than one year)	-	-	-
Other short-term liabilities	6.48%	5.05%	4.22%

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.

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.

***Notes**

(i) A “significant counterparty” is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI’s, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFC.

(ii) A “significant instrument/ product” is defined as a single instrument/ product of group of similar instruments/ products which in aggregate amount to more than 1% of the NBFC-NDSI’s, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs.

(iii) Total Liabilities has been computed as sum of all liabilities (Balance sheet figure) less equities and reserve/surplus.

(iv) Public Funds” shall include funds raised either directly or indirectly through public deposits, commercial paper, debentures, inter-corporate deposits and bank finance but exclude funds raised by issue of instruments compulsory convertible into equity shares with in a period not exceeding 10 years from the date of issue as defined in Regulatory Framework For Core Investment Companies issued vie Notification No. DNBS (PD) CC.No206/03.10.001/2010-11 dated January 5th, 2011.

(v) The amount stated in this disclosure is based on the audited financial statements for the year ended March 31, 2023.

70 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at March 31, 2024	As at March 31, 2023
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	3.82	1.70
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.	0.08	-
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.	-	-

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

71 Overseas assets (for those with joint ventures and subsidiaries abroad)

The Company does not have any joint venture or subsidiary abroad as on March 31, 2024 and March 31, 2023.

72 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 March 31,2024 and March 31, 2023.

73 Customer complaints

Particulars	As at March 31, 2024	As at March 31, 2023
Complaints received from its customers		
1) Number of complaints pending at the beginning of the year	-	7
2) Number of complaints received during the year	1,025	578
3) Number of complaints disposed during the year	1,022	585
- Out of which, number of complaints rejected	-	-
4) Number of complaints pending at the end of the year	3	-
Maintainable complaints received from Office of Ombudsman		
5) Number of maintainable complaints received from Office of Ombudsman	-	2
- number of complaints resolved in favour of the Company by Office of Ombudsman	-	-
- number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	-	2
- number of complaints resolved after passing of Awards by Office of Ombudsman against the Company	-	-
6) Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Grounds of complaints	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of com-plaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 day
1	2	3	4	5	6
As at March 31, 2024					
Insurance claim settlement	0	148	-46%	3	0
Digital Transactions	0	14	-85%	0	0
Credit Bureau Report	0	69	-19%	0	0
Recovery Practices	0	83	19%	0	0
Discourteous	0	65	282%	0	0
Loan Related	0	624	12380%	0	0
Others	0	22	-37%	0	0
Total	**0**	**1025**		**3**	**0**
As at March 31, 2023					
Insurance claim settlement	6	274	16%	0	0
Digital Transactions	0	92	56%	0	0
Credit Bureau Report	1	85	-44%	0	0
Recovery Practices	0	70	67%	0	0
Discourteous	0	17	NA	0	0
Loan Related	0	5	NA	0	0
Others	0	35	-38%	0	0
Total	**7**	**578**		**0**	**0**

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

74 Information on instances of fraud

Instances of fraud reported for the year ended March 31, 2024:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	4	16.26	0.59	15.67
Fraud committed by other than staff - Theft	24	20.87	10.41	10.46

Instances of fraud reported for the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount Provided
Fraud committed by staff	2	14.70	4.83	9.87
Fraud committed by other than staff - Theft	14	10.70	4.40	6.30

75 Liquidity Coverage Ratio Disclosure

Institutional set-up for liquidity risk management

The RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023. As per the said guidelines, LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 5,000 crore and above from December 1, 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024.

The Company has surpassed asset size of ₹ 5,000 Crores during the current financial year, and is currently required to maintain a minimum LCR of 85% (December 1, 2023). The Company has kept sufficient liquidity position throughout during the year, well above the minimum LCR requirements stipulated by the Master Directions. In lines with the Directions the Company has disclosed in its financial statements, the LCR as a simple average of monthly observations within a quarter (calculated over a period of 90 days) for all four quarters of the current financial year.

The Liquidity Risk Management of the Company is managed by the Asset Liability Committee (ALCO) under the governance of Board approved Liquidity Risk Management Framework Policy. To meet LCR requirements, the Company maintains adequate pool of unencumbered high-quality liquid assets (HQLA) which can be easily converted into cash. The Company's HQLA is composed of highly liquid investments as defined by the aforementioned RBI Master Directions, with appropriate haircuts wherever applicable. The Liquidity Coverage requirements for any given date is derived by arriving the stressed expected cash inflows and outflows for the next 30 calendar days. The Company ensures to maintain a steady funding pipeline from various diversified sources, comprising long-term loans from lending institutions, NCDs, sub-ordinated debts, commercial papers, and sale of asset pools through Direct Assignments and Co-lending. The Company does not have any exposure on derivatives, and there are no currency mismatches in the LCR computation.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

LCR Disclosure Template		Quarter March 31,2024		Quarter December 31,2023		Quarter September 30,2023		Quarter June 30,2023	
(₹ in Lakhs)		Total Unweighted 1 Value (average)	Total Weighted 2 Value (average)	Total Unweighted 1 Value (average)	Total Weighted 2 Value (average)	Total Unweighted 1 Value (average)	Total Weighted 2 Value (average)	Total Unweighted 1 Value (average)	Total Weighted 2 Value (average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets without any Haircut:	43,918.62	44,020.63	54,502.43	54,550.00	41,391.07	41,391.07	22,522.62	22,522.62
	Total High Quality Liquid Assets with a minimum haircut of 15%:	-	-	-	-	13,778.00	11,711.30	12,726.84	10,817.81
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	50,776.80	58,393.31	50,060.57	57,569.66	43,700.00	50,255.00	43,200.00	49,680.00
4	Secured wholesale funding	-	-	-	-	-	-	-	-
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	-	-	-	-	-	-	-	-
6	Other contractual funding obligations	6,600.00	7,590.00	4,750.00	5,462.50	4,350.00	5,002.50	4,300.42	4,945.48
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**57,376.80**	**65,983.31**	**54,810.57**	**63,032.16**	**48,050.00**	**55,257.50**	**47,500.42**	**54,625.48**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	53,461.36	40,096.02	53,397.57	40,048.18	48,000.00	36,000.00	42,300.00	31,725.00
11	Other cash inflows	3,000.00	2,250.00	3,000.00	2,250.00	3,500.00	2,625.00	2,500.00	1,875.00
12	TOTAL CASH INFLOWS	56,461.36	42,346.02	56,397.57	42,298.18	51,500.00	38,625.00	44,800.00	33,600.00
			Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	**TOTAL HQLA**	**43,918.62**	**44,020.63**	**54,502.43**	**54,550.00**	**55,169.07**	**53,102.37**	**35,249.47**	**33,340.44**
14	**TOTAL NET CASH OUTFLOWS**	**14,344.20**	**23,637.29**	**13,702.64**	**20,733.98**	**12,012.50**	**16,632.50**	**11,875.10**	**21,025.48**
15	**LIQUIDITY COVERAGE RATIO (%)**	**306%**	**186%**	**398%**	**263%**	**459%**	**319%**	**297%**	**159%**
Components of HQLA need to be disclosed									
	HQLA (Cash / Cash Equivalent)/ Investment)	Mar-24		Dec-23		Sep-23		Jun-23	
i	Cash/ Bank Balance	32,403.40		34,602.43		27,321.07		22,522.62	
ii	Reverse Repo	4,996.02		13,500.00		6,798.00		-	
iii	T Bills	932.06		400		2,023.00		-	
iv	G-Secs /SDL	5,587.14		6,000.00		4,734.00		-	
v	0% RWA Bonds	-		-		515		-	
vi	20% RWA Bonds-Corporate Bonds	-		-		13,778.00		12,726.84	
	Total	**43,918.62**		**54,502.43**		**55,169.07**		**35,249.47**	

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

76 Analytical Ratios

Ratios	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% Variance	Reason for variance
Capital to risk-weighted assets ratio (CRAR)	1,17,489.79	5,27,664.85	22.27%	22.34%	-0.33%	#
Tier I CRAR	94,893.98	5,27,664.85	17.98%	16.01%	12.33%	@
Tier II CRAR	22,595.81	5,27,664.85	4.28%	6.33%	-32.34%	*

Due to increase in Tier II capital.

@ Equity infusion of ₹ 1250 Lakhs and Securities premium of ₹ 6250 Lakhs in current financial year.

77 Penalties and Strictures

No penalties have been levied by any other regulator on the Company during the year ended March 31, 2024.

78 With reference to RBI Master Direction (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, dated 19th October, 2023, no loans and advances were given to Directors and their relatives, Entities associated with directors and their relatives, Senior officers and their relatives during the year ended March 31, 2024.

79 Additional Disclosures as per Schedule III of the Companies Act, 2013

a) The company recorded all transactions and there is no additional surrendered or disclosed income during the year in the tax assessments under the Income Tax Act. 1961. There is no such income

b) There are no transactions with struck off companies during the year ended March 31, 2024 and March 31, 2023.

c) The Company has not traded or invested in Crypto currency or Virtual currency during the year ended March 31, 2024 and March 31, 2023.

d) The Company does not have any Benami property. No proceedings have been initiated or are pending against the Company for holding any Benami property.

e) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender.

f) There are no charges or satisfaction which are yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

g) Utilisation of Borrowed funds and share premium:

(A) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -

(i) 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

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(B) The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall

(i) 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

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

h) The Company has not deviated in any compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting standards.

80 Previous year comparatives

Figures of the previous period have been regrouped, wherever necessary, to conform to the classification / disclosure adopted in the current year.

Notes forming part of the financial statements as at March 31, 2024

(All amounts in ₹ Lakhs unless otherwise stated)

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

Sd/-
Vineet Bijendra Chattree
Whole Time Director
DIN No. 07962531
Bengaluru
16.05.2024

Sd/-
Anand Rao
Managing Director
DIN: 01713987
Bengaluru
16.05.2024

Sd/-
Georgy Mathew
Partner
Membership No. 209645
Bengaluru
16.05.2024

Sd/-
Abhik Sarkar
Chief Financial Officer
Bengaluru
16.05.2024

Sd/-
Neeraj Jain
Company Secretary
Membership No: 12273
Bengaluru
16.05.2024

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 15TH ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED WILL BE HELD AT A SHORTER NOTICE ON MONDAY, SEPTEMBER 30, 2024, AT 10:30 A.M AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT SUNSHINE TOWER, LEVEL 20, SENAPATI BAPAT MARG, ELPHINSTONE ROAD, MUMBAI- 400013, MAHARASHTRA, INDIA TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. **TO RECEIVE, CONSIDER AND ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND THE STATUTORY AUDITOR THEREON.**

   To consider and if 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, 2024, consisting of the audited Balance Sheet, Statement of Profit & Loss Account, Cash flow Statement, Statement of Changes in Equity and Notes forming part of Financial Statements, as circulated to the shareholders, and now laid before the meeting be and is hereby approved and adopted.

   RESOLVED FURTHER THAT the Statutory Auditor's Report as received from M/s Varma and Varma, Chartered Accountants and the Report of the Board of Director on the Annual Accounts of the Company for the financial year ended March 31, 2024, as circulated to the shareholders, and now laid before the meeting be and is hereby approved and adopted.

   RESOLVED FURTHER THAT any director of the Company be and is hereby authorized to issue a copy of this resolution as certified true copy to the relevant authorities."

2. **TO APPOINT AND FIX REMUNERATION OF STATUTORY AUDITORS**

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

   "RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time ('the Act'), read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, under the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force) and in accordance with the Circular no. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021 read with Frequently Asked Questions (FAQs) dated 11th June 2021 issued by the Reserve Bank of India ("RBI") for appointment of Statutory Auditors of NBFCs (RBI Circular / Guidelines) and the rules, regulations, circulars, directions and other guidelines/clarifications if any issued by the RBI, from time to time for the appointment of Statutory Auditors and as recommended by Audit Committee and Board of Directors, M/s. S.N Dhawan & CO LLP, (ICAI FRN: 000050N/N500045), who have confirmed their eligibility as per Section 141 of the Act and RBI Circular, be and is hereby appointed as the Statutory Auditors of the Company to hold office for a term of 3 (Three) consecutive years from the conclusion of this 15th Annual General Meeting (AGM) till the conclusion of the 18th Annual General Meeting (AGM) at such remuneration as shall be fixed by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to decide and finalise the terms and conditions of appointment, including the remuneration and to do all acts, deeds, matters and things and to take all decisions as it may deem fit in its absolute discretion to give effect to this resolution and for the matters connected therewith or incidental thereto."

By Order of the Board
For Chaitanya India Fin Credit Private Limited

Neeraj Jain
Company Secretary
ACS: 12273

Date: September 26, 2024
Place: Mumbai

Notes:

1. 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.

2. Proxies, in order to be effective, must be received on the enclosed Proxy Form by the Company at its Registered Office not less than forty-eight hours before the time fixed for the meeting.

3. 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.

4. Members are requested to notify the company immediately regarding any change in their address.

5. 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.

6. Relevant documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office situated at Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013, Maharashtra, India 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.

7. Members may also note that the Notice of the Fifteenth Annual General Meeting and Annual Report for the year ended March 31, 2024, will also be available on the Company website at https://www.chaitanyaindia.in/investor-relations

8. The relevant Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of business item No. 2 as given in the Notice is annexed hereto.

9. The route map to the venue of the meeting is enclosed herewith.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 2

Reserve Bank of India ("RBI") Circular No. RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/ 08.91.001/2021-22 dated 27th April 2021 ('Circular/ Guidelines') for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors ("Statutory Auditors") of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines" / Circular") and subsequent clarification / FAQs issued by RBI on 11th June 2021, stipulates that Entities will have to appoint the Statutory Auditors (SAs) for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Also, an audit firm that has completed full or part of one term of the audit tenure shall not be eligible for re-appointment in the same Entity for a period of 6 (six) years thereafter.

Further, in terms of aforesaid RBI Guidelines and pursuant to provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014, including any modifications or re-enactments thereof, M/s Varma and Varma, Chartered Accountants (ICAI FRN: 000050N/N500045) were appointed as the Statutory Auditors of the Company for a continuous period of 3 (three) years, to hold office till the conclusion of the Annual General Meeting (AGM) for FY 2023-24.

Accordingly, pursuant to aforesaid RBI Guidelines and the provisions of the Act, the Board of Directors of the Company ("the Board"), on the recommendation of the Audit Committee (the "Committee"), has recommended for the approval of the Members, the appointment of M/s. S.N Dhawan & Co LLP, (ICAI FRN: 000050N/N500045), as the Statutory Auditors of the Company, for a term of 3 (three) consecutive years from the conclusion of 15th AGM till the conclusion of the 18th AGM at such remuneration as may be fixed, from time to time, by the Board of Directors of the Company.

Before recommending the appointment of M/s. S.N Dhawan & Co LLP, (ICAI FRN: 000050N/N500045), as the Statutory Auditors of the Company, the Committee considered various parameters as specified in the RBI Circular and Section 141 of the Companies Act, 2013 ("the Act"), like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge, experience of the partners etc., and found M/s. S.N Dhawan & Co LLP to be suitable to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company. Brief profile of proposed auditor is as under:

Brief profile of M/s. S.N Dhawan & Co LLP, Chartered Accountants
M/s. S.N Dhawan & Co LLP, established in the 1944, is one of the largest Chartered Accountant firms in India. In-depth experience in sectors including Manufacturing, Retail, FMCG, Real estate, Construction, Infrastructure, IT and ITES, E-Commerce, Power and energy sector, Engineering Consultancy, BFSI, Automotive, Oil and Gas and Technology.

Registered with the Controller and Auditor General of India and the Reserve Bank of India for audits of large public sector undertakings & banks. Member firm of Mazars, with access to its technical expertise and audit tools

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolutions, except to the extent of their shareholding, if any, in the Company.

The Board recommends the resolution set forth at Item No. 2 of the Notice for approval of the members by way of Ordinary Resolution.

By Order of the Board
For Chaitanya India Fin Credit Private Limited

Neeraj Jain
Company Secretary
ACS: 12273

Date: September 26, 2024
Place: Mumbai

CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED

Registered Office: Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013; Phone No. +91 22 61415900; www.chaitanyaindia.in

ATTENDANCE SLIP

Members or their proxies are requested to present this form for admission, duly signed in

Regd. Folio. No/DP.Id/ Client id	
Name of shareholder:	
Address of shareholder:	
Proxy Name:	
Address of proxy:	

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

I/We hereby record my/our presence at the Fifteenth Annual General Meeting of the Company to be held at a shorter notice on **Monday, September 30, 2024 at 10:30 A.M** at Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai-400013, Maharashtra, India.
Please (✓) in the box
1. Member
2. Proxy

Signature of member/Proxy

FORM NO MGT- 11

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

CIN : U67190MH2009PTC427833
Name of the Company : Chaitanya India Fin Credit Private Limited
Registered Office : Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013, Maharashtra, India

Name of the member :
Registered address :
E-mail Id :
Folio No :
DP ID :
I, being the holder of _______________ Equity shares of the above-named company, hereby appoint

1.	Name	:	
	Address	:	
	E-mail ID	:	
	Signature	:	

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Fifteenth Annual General Meeting of the Company to be held at shorter notice on **Monday, September 30, 2024, at 10:30 A.M Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai- 400013, Maharashtra, India** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Particulars	Favor / against
ORDINARY RESOLUTIONS		
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2024, together with reports of the Board of directors and of the Statutory auditor thereon	
2.	To appoint and fix remuneration of Statutory auditors	

Signed this on the ______ day of ____________ 2024

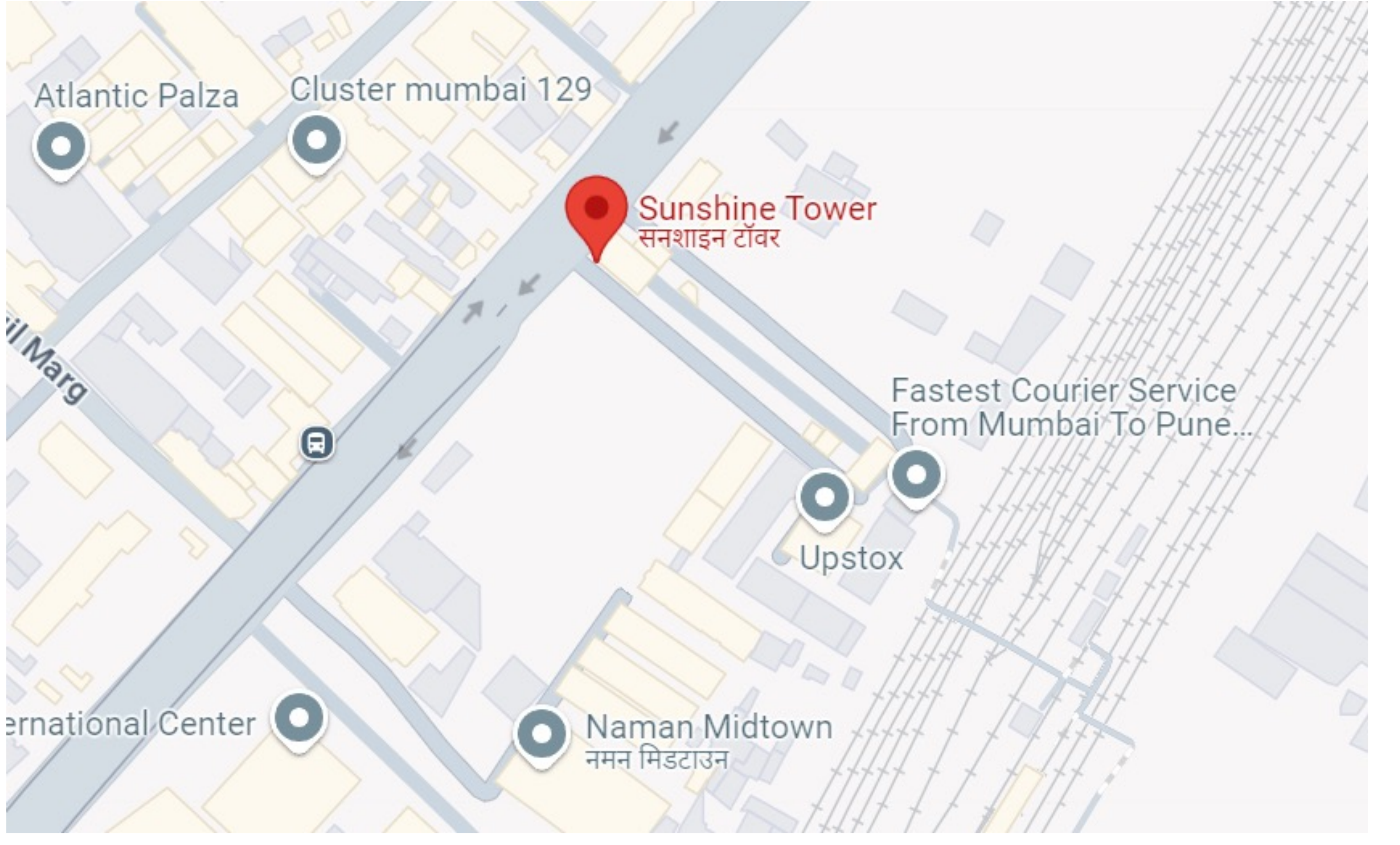
____
Signature of shareholder

Affix Revenue Stamp

____
Signature of Proxy holder(s)

Note This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Route Map: https://www.chaitanyaindia.in/contact-us/



Corporate Information

Registered And Corporate Office

Registered Office: Sunshine Tower, Level 20, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400013

Corporate Office: 8 th Floor, Block B, Brigade Software Park, 27th Cross, Banashankari, 2nd Stage, Bangalore- 560070

Email ID: corporate@chaitanyaindia.in

Contact Number: +91 22 61415900/80-26750010

Website: https://www.chaitanyaindia.in

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, India

Toll Free - 1- 800-309-4001

Email - einward.ris@kfintech.com

Corporate Identification Number

U67190MH2009PTC427833

Details of Auditor

Sr. No	Name	Designation
1.	M/s. RSVH & Associates LLP	Secretarial Auditor
2.	M/s. Varma & Varma, Chartered Accountant	Statutory Auditor

Debenture Trustee

Catalyst Trusteeship Limited

901, 9th floor, Tower B, Peninsula Business Park Tower, Senapati Bapat Marg, Lower Parel (W), Mumbai, Maharashtra 400013

Fax: 022-49220505

Email: dt.mumbai@ctltrustee.com

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Chaitanya